



Press Release

Boudh Distillery Private Limited

March 20, 2024

Ratings				
Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	90.24	IVR BBB-/ RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)	Upgraded from IVR BB+/Negative Issuer Not Cooperating and placed on Rating Watch with Negative Implications	Simple
Long Term Bank Facilities	28.50	IVR BBB-/ RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)	Assigned	Simple
Total	118.74 (Rs. One Hundred Eighteen Crore and Seventy-Four Lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Boudh Distillery Private Limited (BDPL) from Issuer Not Cooperating category based on adequate information received from the company to review its ratings.

The ratings assigned to the bank facilities of Boudh Distillery Private Limited (BDPL) derive strength from its extensive experience and established track record of the promoters in liquor industry, locational advantage, enhanced production capacity coupled with repeat order from reputed clientele and eligibility for subsidy from the Government of India. The ratings also note BDPL's comfortable capital structure with satisfactory debt protection metrics and favorable demand outlook of its product, Extra Neutral Alcohol (ENA). However, these rating strengths remain constrained due to moderation in the business performance of the company in FY2023, susceptibility of profitability to volatile input price and vulnerability to regulatory changes in the liquor industry. However, the ratings also note improvement in the business performance in 9MFY24. In December 2023, income tax (IT) raid was conducted at the premises of the company and premises of its other group entities in Odisha and Jharkhand.



Press Release

In the said IT raids, some amount of cash was recovered from the premise of Baldeo Sahu and Sons (a group concern of BDPL) where two of the directors of BDPL are partners. Infomerics Ratings has placed the ratings of BDPL under Rating Watch with Negative Implications in view of possible impact of the said IT raid on the operational, financial and liquidity profile of the company. Infomerics will continue to monitor the development in this regard consequent overall performance of the entity and take rating action accordingly.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in operating income and improvement in profitability leading to improvement in debt protection metrics.
- Sustenance of the capital structure with overall gearing maintained below 1x coupled with continuous improvement in debt protection metrics.
- Geographical diversification in sales.

Downward Factors

- Any Moderation in operating income and/or cash accrual or deterioration in operating margin to below 10%.
- Moderation Deterioration in overall gearing to over 1.50x and interest coverage to below 3x.
- Elongation in operating cycle leading to moderate in liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience and established track record of the promoters in liquor industry**

The company is promoted by Ranchi based one Sahu Family which has around eight decade-long experience in the liquor industry. In Odisha, they have more than 50 mini distilleries where liquor is manufactured from Mahua flower and sold to retail outlets across the state. Apart from this, they have an established presence in liquor retailing in Jharkhand, Odisha and West Bengal. They also have bottling plants for Indian made foreign liquor (IMFL) in the state of Odisha and Jharkhand.



Press Release

- **Locational Advantage**

BDPL has a grain-based distillery in Boudh District of Odisha which provides locational advantage in terms of availability of raw material (Broken Rice). Broken Rice, a by-product of rice manufacturing unit is available in abundance in Odisha and other nearby states like West Bengal, Bihar and Jharkhand. Besides, due to absence of any other large size grain-based distillery, demand for ENA outpaces supply in the State of Odisha.

- **Enhanced production capacity**

The company has concluded its capex and increased its installed capacity from 60 KLPD to 120 KLPD i.e. 19.80 million litter per annum to 39.60 million litter per annum from April 2023 onwards and also increased power plant capacity from 2.5 MW to 5 MW. The company improved their productivity resultant achieved turnover around Rs. 271.00 crore by the month ended January 2024.

- **Repeat orders from a reputed clientele.**

The company has reputed client base, which includes renowned liquor entities such as Pernod Richard India Pvt Ltd, United Spirits Ltd, IOCL etc. The company gets repeat orders from its reputed clientele, reflecting BDPL's acceptable product quality. Apart from this, the reputed client base largely reduces counterparty risk.

- **Satisfactory capital structure with satisfactory debt protection metrics**

The capital structure of the company continues to remain comfortable though moderated in FY23. The moderation in capital structure is due to increase in term loans for enhancing the existing manufacturing capacity of ENA from 19.80 million bulk litter per annum to 39.60 million bulk litter per annum. The debt equity ratio and overall gearing ratio stood moderate at 0.81x and 0.91x respectively as on March 31,2023(0.28x and 0.39x respectively as on March 31, 2022). Total indebtedness of the company marked by TOL/TNW moderated to 1.03x as on March 31,2023 (0.60x as on March 31, 2022). Further, Total debt to EBITDA has also declined from 0.71x as on March 31,2022 to 3.86x as on March 31,2023. However, the capital structure will improve in future years because of timely repayment of debt and no capex plan in near and medium term.

- **Favourable demand outlook**

The outlook for distillery units is expected to remain stable in the near to medium term driven by growing demand of liquor across the country and growth in demand of Ethanol due to government push for reduction in fossil fuel.



Press Release

Key Rating Weaknesses

- **Moderation in the business performance in FY 2023 though improvement seen in 9MFY24.**

The total operating income of the company moderated by 2.72% i.e. from Rs.165.00 crore in FY22 to Rs.161.34 crore in FY23, due to a decrease in sales of Ethanol from 9.70% in FY 22 to 3.47% in FY 23. Further, the EBITDA margin of the company also dropped from 31.82% in FY 22 to 15.79% in FY23 mainly due to an increase in raw material (mainly high-quality rice) cost and other operating costs. Due to the dip in profitability, the PAT margin also decreased from 17.75% in FY 22 to 6.74% in FY 23. The cost of the raw materials increased due to the price inflation in the rice industry. However, in 9MFY24 the company has performed well with a revenue of Rs.240.79 crore underpinned by commencement of production from newly completed capex and healthy demand of ENA.

- **Susceptibility of profitability to volatility in input prices**

BDPL's major raw material for manufacturing of ENA is grain (Broken rice) and the prices of same are volatile, since grains are seasonal products being susceptible to vagaries of nature.

- **Vulnerability to regulatory changes in the liquor industry**

The liquor industry in India is governed by strict government regulations and license regime that differ from state to state. India's states each have their own regulatory controls on the production, marketing and distribution, and even pricing of alcohol. Further, high taxation and duties also make the industry dynamics complex. The business risk profile thus remains vulnerable to any changes in the license authorisation policy, taxes and duty structure.

- **IT raid on BDPL and its group companies**

I-T dept conducts raid at the offices of BDPL and its related concerns on December 06, 2023. BDPL has provided PANCHNAMA and explained that only Rs.30,620/- was found in the raid. However, as per the management some cash (amount undisclosed) was recovered from the premise of Baldeo Sahu and Sons (a group company of BDPL) where two of the directors of BDPL are partners.

Analytical Approach: Standalone

Applicable Criteria:



Press Release

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy for Placing Ratings on Rating Watch](#)

[Policy on default recognition](#)

[Criteria on complexity.](#)

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by its expected sufficient cash accruals vis-à-vis its debt repayment obligations. The company is expected to earn cash accruals in the range of ~Rs.34.39 crore, Rs. 38.59 crore and Rs. 42.97 crore for FY 24, FY 25, and FY 26 respectively vis-a-vis debt repayment obligation of ~Rs. 13.29 crore, Rs. 20.29 crore and Rs. 14.07 crore during FY 24, FY 25, and FY 26 respectively. Further, the average utilisation of its fund-based limit remains comfortable at ~69% in the trailing 9 months ended in December 2023 indicating a satisfactory liquidity buffer. Moreover, the company has adequate gearing headroom backed by its comfortable capital structure.

About the Company

Boudh Distillery Private Limited (BDPL) promoted by one Sahu family was originally incorporated in the name of Padmini Trade-Link Private Limited. on December 29, 2008. Subsequently, the name of Padmini Trade-Link Private Limited. was changed to Boudh Distillery Private Limited. with effect from April 10, 2015. The Sahu family has been in liquor industry for around eight decades. The company was initially set up as an investment company and in 2016 Sahu family decided to set up grain-based distillery unit to manufacture extra neutral alcohol (ENA), Ethanol and Sanitizer in Boudh district of Odisha. The commercial operations of the distillery unit started in June 2018 with installed capacity of 19.80 million bulk litres (BL) per annum. In FY 23-24, installed capacity enhanced from 19.80 million bulk litres (BL) per annum to 39.60 million bulk litres (BL) per annum.

Financials: Standalone

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	165.00	161.34
EBITDA	52.51	25.47



Press Release

For the year ended* / As On	31-03-2022	31-03-2023
PAT	29.54	10.92
Total Debt	37.31	98.19
Tangible Net worth	96.87	107.71
EBITDA Margin (%)	31.82	15.79
PAT Margin (%)	17.75	6.74
Overall Gearing Ratio (x)	0.39	0.91
Interest coverage Ratio	15.68	10.12

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Care edge rating has continued to classify the rating of BDPL under "ISSUER NOT COOPERATING" category vide its Press Release dated December 19, 2023, due to unavailability of information and non-payment of surveillance fees.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)					Rating History for the past 3 years		
		Type	Amount outstanding. (Rs. Crore)		Rating (December 28, 2023)	Rating (December 12, 2023)	Date(s) & Rating(s) assigned in 2022-23 (September 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (November 29, 2021)	Date(s) & Rating(s) assigned in 2020-21 (September 03, 2020)
1.	Term Loan	LT	78.74	IVR BBB-/RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)	IVR BB+; Negative ; ISSUER NOT COOPERATING	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable
2.	Cash Credit	LT	11.50	IVR BBB-/RWNl (IVR Triple B Minus Placed on Rating Watch with	IVR BB+; Negative ; ISSUER NOT	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable



Press Release

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)					Rating History for the past 3 years		
		Type	Amount outstanding. (Rs. Crore)		Rating (December 28, 2023)	Rating (December 12, 2023)	Date(s) & Rating(s) assigned in 2022-23 (September 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (November 29, 2021)	Date(s) & Rating(s) assigned in 2020-21 (September 03, 2020)
				Negative Implications)	COOPERATING				
3.	Cash Credit	LT	13.50	IVR BBB-/RWNI (IVR Triple B Minus Placed on Rating Watch with Negative Implications)	-	-	-	-	-
4.	Proposed Cash Credit	LT	15.00	IVR BBB-/RWNI (IVR Triple B Minus Placed on Rating Watch with Negative Implications)	-	-	-	-	-

*Outstanding as on December 31, 2023.

Name and Contact Details of the Rating Analyst:

Name: Mrs. Harshita Gupta

Tel: (033) 4803 3621

Email: hdidwania@infomerics.com

Name: Mr. Avik Podder

Tel: (033) 4803 3621

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



Press Release

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit <https://www.infomerics.com/>

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2030	78.74	IVR BBB-/ RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)
Cash Credit	-	-	-	25.00	IVR BBB-/ RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)
Proposed Cash Credit	-	-	-	15.00	IVR BBB-/ RWNl (IVR Triple B Minus Placed on Rating Watch with Negative Implications)



Press Release

					Watch with Negative Implications)
--	--	--	--	--	-----------------------------------

**Outstanding as on December 31, 2023.*

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Boudh-Distillery-mar24.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com>.