



Press Release
Alpine Distilleries Private Limited
June 05, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	84.71	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	0.95	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	85.66	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.85.66 crore bank facilities of Alpine Distilleries Private Limited (ADPL). The outlook is '**Stable**'.

Rationale for Rating Reaffirmation

The rating reaffirmation considers Alpine Distilleries Private Limited stable operating and financial performance. The rating continues to derive comfort from the experienced management and strong promoter background and their consistent financial support in the form of unsecured loans. The company's operating income grew significantly to Rs. 153.63 Cr. in FY2023 as against Rs. 103.18 Cr. in FY2022. The operating margins stood at 13.99 percent in FY2023 as against 19.30 percent in FY2022. The decrease in operating margin is due to an increase in raw material prices. In 9MFY2024, the company has reported revenue of Rs.128.88 Cr. Further, the gearing levels stood at 0.88 times as on March 31,2023.

Going ahead, the company's ability to improve its scale of operations while improving its operating profitability over the medium term will continue to remain a key rating sensitivity factor.

About the Company

Incorporated in 2002, Alpine Distilleries Private Limited (ADPL), is a Kolkata based company, engaged in bottling of Indian made Foreign Liquor (IMFL). The company is promoted by Mr. Debasis Mukherjee, Mr. Debraj Mukherjee and IMFL bottling facility in Hooghly (WB) in April 2012 with an installed capacity of 18 lakh cases per annum. From 2019, Mr. Yogesh Jain, Delhi based businessman has invested funds and is presently the major shareholder of the company (64.42 per cent). The total shareholding of the Jain family is around 85.65 per cent. The company bottles and markets well-known brands like "Officer's Choice", "Officer's Choice Blue" and "Old Monk Rum" for prominent liquor manufacturers. As a part of backward integration initiative, the company has set up a grain-based Extra Neutral Alcohol (ENA) plant with an installed capacity of 60 KLPD (20 million litres p.a.) and a co-generation power plant of 3MW. The plant has become operational from December- 2020.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of ADPL to arrive at the rating.

Key Rating Drivers

Strengths

Diversified presence in IMFL, IMIL and ENA supported by experienced management and favourable plant location

The promoters of ADPL have an experience of more than two decades in the business, i.e. Extra Neutral Alcohol (ENA) manufacturing. Further, the plant is headed by Mr. Debraj Mukherjee, having more than three decades of experience in distillery plant. Mr. Yogesh Jain is the major shareholder of ADPL and has rich experience in various business like hospitals, hotels, chewing tobacco, pan masala, distillery & IMFL plants, washing powder, real estate, tea etc. The promoters have demonstrated financial support to the company in the past through significant fund infusion.

The manufacturing unit of the company is strategically located near the grain growing region of West Bengal which provides logistical advantage to the company. ADPL procures most of its raw material like broken rice from local farms located in and around the unit. Furthermore, distilling is highly water sensitive process, and it is necessary to have continuous supply of water to have uninterrupted output. The plant is in the vicinity of Hooghly River, thus ensuring continuous stream of water. ADPL has diversified presence across all the three segments of the distilleries business. Majority of ENA produced by the company is captively consumed for manufacturing IMIL and IMFL; while the rest is sold in the open market.

Moderate Working capital operations

Alpine Distilleries Private Limited has Moderate working capital operations with gross current asset (GCA) of 61 days in FY2023 and FY2022. Inventory days stood at 39 days in FY2023 against 33 days in FY2022. The inventory consists of different varieties and brands of the products. The debtor days stood at 4 days for FY23 against 10 days for FY22 due to improved collections from the customers. The creditor days of the firm stood at 38 days for FY23 as against 48 days for FY22. The firm mostly purchases on advance payment basis.

Acuite believes that the working capital operations of the group will remain at similar levels over the medium term given the nature of the industry.

Moderate Financial Risk Profile

Alpine distilleries Private Limited has a moderate financial risk profile marked by moderate net worth, gearing, and debt protection metrics. ADPL's net worth stood at Rs. 91.08 crore as on March 31, 2023 against Rs. 87.17 crore as on 31st March 2022. The company's gearing stood at 0.88 times as on March 31, 2023 as against 0.93 times as on March 31, 2022. The company's total debt as on March 31, 2023 stood at Rs. 80.58 crore as compared to Rs. 80.98 crores as on March 31, 2022; comprising of long-term debt of Rs. 39.22 crore, short-term debt of Rs. 4.92 crore and Unsecured Loans from Directors/Promoters of Rs. 27.62 crore and maturing debt obligation of Rs. 8.82 crore. TOL/TNW stood at 1.17 times as on March 31, 2023. The interest coverage ratio of the company stood at 2.53 times in FY23 against 2.28 times in FY22. DSCR stood at 2.53 times in FY2023 against 2.28 times in FY2022.

Acuite believes that going forward the financial risk profile of the company will improve backed by steady accruals and no major debt funded capex plans.

Weaknesses

Exposure to risks related to the highly regulated nature of the liquor industry

The Indian alcohol industry is highly regulated at almost every stage in the value chain. Moreover, every state has its own regulations with respect to distribution and retail, registration, taxation and pricing of alcohol. Any change in the regulatory environment will affect the profitability of the liquor industry.

Volatility of input prices with limited pricing power

ADPL uses grain as a raw material for its production of ENA. Since grains are seasonal products and its production depends on the vagaries of nature, the price of the same may vary depending on the production. The company's ability to pass on any raw material price

remains limited.

Rating Sensitivities

- Sustainability in revenue growth and profitability margin
- Elongation of working capital cycle
- Change in Capital Structure

Liquidity Position

Adequate

Liquidity is adequately backed by ADPL's net cash accruals, which stood at Rs. 13.06 Cr. as on March 31, 2023, against no maturing debt repayment obligation. The cash and bank balances of the firm stood at Rs. 0.73 Cr. as on March 31, 2023. The current ratio stood at 0.87 times as on March 31, 2023. The working capital operations of the company are moderately marked by its gross current asset (GCA) days of 61 days for FY2023 on account of lower receivables cycle during the same period. The average bank limit utilization is ~ 51.05%.

Acuité believes that going forward the company will accelerate to maintain adequate liquidity position due to increasing accruals.

Outlook: Stable

Acuité believes that the outlook on ADPL will remain 'Stable' over the medium term on account of the long track record of operations, experienced management, strong business risk profile and healthy financial risk profile. The outlook may be revised to 'Positive' in case of significant growth in revenue while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position or further elongation in its working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	153.63	103.18
PAT	Rs. Cr.	3.92	1.12
PAT Margin	(%)	2.55	1.08
Total Debt/Tangible Net Worth	Times	0.88	0.93
PBDIT/Interest	Times	2.53	2.28

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Feb 2024	Bank Guarantee/Letter of Guarantee	Short Term	0.95	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	19.24	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	40.55	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	14.92	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
10 Nov 2022	Bank Guarantee/Letter of Guarantee	Short Term	0.95	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	19.24	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	40.55	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	14.92	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
16 Mar 2022	Bank Guarantee/Letter of Guarantee	Short Term	0.95	ACUITE A4+ (Upgraded from ACUITE D)
	Proposed Long Term Bank Facility	Long Term	16.03	ACUITE BB Stable (Upgraded from ACUITE D)
	Term Loan	Long Term	42.70	ACUITE BB Stable (Upgraded from ACUITE D)
	Term Loan	Long Term	15.98	ACUITE BB Stable (Upgraded from ACUITE D)
02 Jul 2021	Bank Guarantee (BLR)	Short Term	0.95	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Cash Credit	Long Term	3.05	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	1.25	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Proposed Long Term Loan	Long Term	55.00	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Term Loan	Long Term	4.34	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Term Loan	Long Term	11.07	ACUITE D (Downgraded & Issuer not co-operating* from ACUITE BB-)
08 Mar 2021	Bank Guarantee (BLR)	Short Term	0.95	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	1.25	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Cash Credit	Long Term	3.05	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Proposed Long Term Loan	Long Term	55.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Term Loan	Long Term	11.07	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Term Loan	Long Term	4.34	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.95	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	34.66	ACUITE BB+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2028	Simple	28.65	ACUITE BB+ Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Feb 2028	Simple	11.40	ACUITE BB+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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