

June 25, 2024

## Woodpecker Distilleries & Breweries Private Limited: Update on Material Event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	15.87	15.87	[ICRA]BBB+ (Stable); outstanding
Long-term Fund-based – Cash Credit	25.00	25.00	[ICRA]BBB+ (Stable); outstanding
Long Term/Short Term – Unallocated	24.13	24.13	[ICRA]BBB+ (Stable)/ [ICRA]A2; outstanding
<b>Total</b>	<b>65.00</b>	<b>65.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

#### Material Event

On June 17, 2024, Som Distilleries & Breweries Limited (SDBL), the flagship company of the Som Group, responded to the stock exchanges about the media articles, alleging child labour related issues at a plant in one of its Group entities. SDBL informed that the allegations pertain to its associate company, Som Distilleries Private Limited (SDPL), rated at [ICRA]BBB-(Stable)/[ICRA]A3.

ICRA also understands from media articles on the search initiated by the National Commission for Protection of Child Rights (NCPCR) at SDPL's plant in Raisen, Madhya Pradesh (MP) and subsequent suspension of its licence on June 19, 2024, by the MP Government for 20 days or an order from the Labour Department, which is earlier.

#### Impact of the material event

ICRA understands that there is no impact on SDBL's business operations and banking relations of the company as on date and the licence suspension pertains to its associate company, SDPL. The operations of SDBL and its subsidiaries, Woodpecker Distilleries and Breweries Private Limited (WDBPL) and Som Distilleries and Breweries Odisha Private Limited (SDBOPL) are unaffected. The management has also confirmed that there has been no case filed against the company or any company personnel till date. ICRA notes that the company's liquidity position continues to remain adequate. ICRA would continue to closely monitor any impact on this entity related to this event and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

#### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of SDBL, WDBPL and SDBOPL

## About the company

Som Distilleries & Breweries Limited (SDBL), incorporated in 1993, is involved in brewing, fermenting, bottling, canning and blending beer and Indian-made foreign liquor (IMFL). It is the flagship company of the Bhopal-based Som Group, with a production capacity of 15.2 million cases per annum (mcpa) and 1.2 mcpa of IMFL. The company's shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). SDBL had set up WDBPL, a 100% subsidiary, in Hassan, Karnataka, with a manufacturing capacity of 9.0 mcpa of beer and 1.2 mcpa of IMFL. The commercial production from the Hassan unit commenced from June 2018. SDBL had also acquired a beer manufacturing unit in Odisha for the eastern markets. The acquired company, SDBOPL, has a manufacturing capacity of 8.4 mcpa of beer, and commenced commercial production from March 2019. On a consolidated basis, the Group has a production capacity of 32.6 mcpa of beer and 2.4 mcpa of IMFL.

## Key financial indicators (audited)

SDBL (Consolidated)	FY2022	FY2023	FY2024*
Operating income	365.2	807.6	1,280.7
PAT	-9.8	60.3	86.5
OPBDIT/OI	5.4%	12.8%	11.7%
PAT/OI	44.5%	41.2%	141.2%
Total outside liabilities/Tangible net worth (times)	1.4x	1.4x	1.0x
Total debt/OPBDIT (times)	14.2x	2.4x	1.4x
Interest coverage (times)	1.3x	6.5x	12.6x

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore \*limited audited results

**Status of non-cooperation with previous CRA:** Brickworks Ratings has kept the ratings under Issuer Not Cooperating Category at BWR B- (Negative) vide its press release dated May 2, 2024.

**Any other information: None**

## Rating history for past three years

Instrument		Current rating (FY2025)			Chronology of rating history for the past 3 years						
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)*	Date & rating in FY2025	Date & rating in FY2024			Date & rating in FY2023		Date & rating in FY2022
					Jun 25, 2024	Nov 20, 2023	Aug 09, 2023	Apr 06, 2023	Aug 04, 2022	Apr 07, 2022	-
1	Cash Credit	Long term	25.00		[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	-
2	Term Loans	Long term	15.87	15.87	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	-
3	Unallocated	Long term/ Short term	24.13		[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB- (Stable)/ [ICRA]A3	-

Source: Company, \*as on June 30, 2023

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple

Long-term Fund-based – Cash Credit	Simple
Long Term – Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	25.00	[ICRA]BBB+ (Stable)
NA	Term Loans	January 2018/ FY2018	-	March 2026/ FY2026	15.87	[ICRA]BBB+ (Stable)
NA	Unallocated	-	-	-	24.13	[ICRA]BBB+ (Stable)/[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Som Distilleries & Breweries Limited	NA*	Full Consolidation
Woodpecker Distilleries & Breweries Private Limited	100%	Full Consolidation
Som Distilleries & Breweries Odisha Private Limited	100%	Full Consolidation

Source: Company, \*parent company

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