

October 28, 2019

Wave Distilleries and Breweries Limited: Continues to remain in Non-Cooperating category

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term- Fund based Cash Credit	99.00	99.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating continues to the 'Issuer Not Cooperating' category
Long term- Fund based Term Loan	151.00	151.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating continues to the 'Issuer Not Cooperating' category
Total	250.00	250.00	

^{*}Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Wave Distilleries and Breweries Limited's (WDBL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Wave Distilleries and Breweries Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company

WDBL was incorporated as UBIO Chemicals Limited in 2008. The company was acquired by Chadha group in 2009 from the promoters of UBIO Chemicals for the consideration of close to Rs 93 crore under share purchase agreement. The company manufactures country liquor, IMPL and beer from its manufacturing plant located in Aligarh district of UP having a production capacity of 2.70 crore litres of ENA (which is used in manufacturing CL), 10 crore litres of brewery and 45 lakh litre of Industrial alcohol. The sales of Country liquor manufactured takes place to Flora and Fauna Land Developers private limited which has got the wholesale license to distribute the country liquor in UP.

Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	410.9	503.8
PAT (Rs. crore)	22.1	83.5
OPBDIT/OI (%)	16.0%	29.9%
RoCE (%)	13.5%	42.9%
Total Outside Liabilities/Tangible Net Worth (times)	2.5	0.9
Total Debt/OPBDITA (times)	2.5	0.3
Interest Coverage (times)	5.4	22.9
DSCR	1.5	3.6

Source: WDBL

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years				
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017	FY2016
					28-Oct- 2019	24-Jul-2018	10-Jan-2017	-	28-Jul-2015
1	Cash Credit	Long Term	99.00	-	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	-	[ICRA]BB+(Stable)
2	Term Loans	Long Term	151.00	-	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	[ICRA]BB+(Stable) ISSUER NOT COOPERATING	-	[ICRA]BB+(Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	99.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING
NA	Term Loans	NA	NA	FY2023	151.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING

Source: WDBL

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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