Press Release

Som Distilleries & Breweries Limited

March 31, 2026

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	90.00	IVR BBB+/RWNI (IVR Triple B Plus placed on Rating Watch with Negative Implications)	IVR A-/RWNI (IVR Single A Minus placed on Rating Watch with Negative Implications)	Rating continued on watch with negative implications and downgraded	Simple
Short Term Bank Facilities	10.00	IVR A2/RWNI (IVR A Two placed on Rating Watch with Negative Implications)	IVR A2+/RWNI (IVR A Two Plus placed on Rating Watch with Negative Implications)	Rating continued on watch with negative implications and downgraded	Simple
Total	**100.00 (Rupees One Hundred crores only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded the rating assigned to the bank facilities of Som Distilleries & Breweries Limited (SDBL). The downgrade is driven by the prolonged suspension of SDBL's manufacturing license by the excise department, with no clarity on reinstatement. The lack of visibility on resumption of operations is expected to materially impact revenues, cash flows, and debt servicing ability. The rating remains on Rating Watch with Negative Implications due to persistent regulatory uncertainty and its potential adverse impact on credit risk profile of the company. Infomerics will continue to closely monitor developments related to the licence reinstatement and the company's ability to normalise operations.

Besides the rating continues to derive comfort from the company's long track record of operations under experienced promoters and established brand presence majorly in Madhya

Pradesh, Karnataka and Odisha. Further, the ratings also factor in the improvement in business performance during FY25 (FY refers to the period from April 01 till March 31), albeit moderation during 9MFY26, along with a healthy financial risk profile characterized by a comfortable capital structure and healthy debt coverage indicators. These strengths are, however, partly offset by project execution risk pertaining to setting up a greenfield brewery and distillery project in Khimsepur, Farrukhabad, Uttar Pradesh under a subsidiary company namely, Woodpecker Greenagri Nutrients Private Limited (WGNPL). Further, the company remains vulnerable to regulatory changes in the liquor industry, exposure to intense competition from unorganised players, susceptibility of profitability to volatility in input prices and exposure to geographical concentration risk. Additionally, the working capital–intensive nature of operations continues to exert pressure on liquidity.

Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations with improvement in overall profitability and cash accruals on a sustained basis.
- Sustenance of the capital structure with improvement in debt coverage indicators
- Improvement in working capital management and operating cycle thereby resulting in improvement in the overall liquidity position of the company.

Downward Factors:

- Moderation in scale of operations and/or moderation in profitability on a sustained basis.
- Moderation in the capital structure with deterioration in overall gearing to over 1x.
- Elongation in the working capital cycle leading to deterioration in the liquidity.
- Any material time/cost overrun in the ongoing project thereby impacting the business and financial risk profiles

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Demonstrated long track record of operations under experienced promoters**

Incorporated in 1993, SDBL has an operational track record of over two decades in the production and sales of beer and Indian Made Foreign Liquor (IMFL) and has created an established presence in the sector. The company is managed by a Board consisting of eight

Directors who have extensive experience in the alcohol industry which enables the company to build strong relationships with customers and suppliers.

- **Established brand presence**

SDBL sells its products under the brand name of Hunter, Woodpecker, Black Fort, and Power Cool which is well renowned across the country primarily in the key states where the company operates which is Madhya Pradesh, Karnataka and Odisha. SDBL has recently launched Mahavat Whisky in July 2025 which is a mid-premium brand in the whiskey segment in Bhopal and Delhi NCR region and a new brand in the beer segment in the name of Sunny beaches in October 2025. Both the new brands are receiving encouraging response in the market. SDBL enjoys a healthy brand recall which is likely to benefit the company in the form of increase in market share going forward.

- **Improvement in business performance in FY25; albeit moderation in 9MFY26**

Total operating income (TOI) on a consolidated level witnessed a y-o-y growth of ~13% from Rs.1280.67 crore in FY24 to Rs.1442.90 crore in FY25. While beer volumes increased by ~10% in FY25 over FY24, beer realisations have remained largely stable at Rs.544-545 per case during the last two fiscal years which was a result of pack mix and brand mix. Despite the decrease in volume sales from the Karnataka unit due to a steep excise duty increase in the state of Karnataka in Q4 of FY25, dispatches from the Bhopal unit increased significantly driven by rising demand and operational efficiency thereby resulting in overall growth in revenues in FY25 fiscal year. IMFL segment also witnessed a marginal growth in FY25 over FY24 driven by increase in volumes and average realisations. With increase in top line, SDBL posted a consolidated EBITDA margin of 12.21% in FY25 with a growth of 54 bps over FY24 driven by a favourable mix of older glass bottles and softening of key raw material and packaging material prices. Consequently, PAT margin increased from 6.72% in FY24 to 7.22% in FY25. Aided by improvement in profitability, net cash accruals increased from Rs.124.51 crore in FY24 to Rs.145.36 crore in FY25. SDBL registered a consolidated top line of Rs.1048.51 crore during 9MFY26, a marginal decrease from Rs.1103.93 crore achieved during 9MFY25 due to decrease in volume sales of beer mainly driven by underperformance in the state of Karnataka due to increase in excise duties from Q4FY25 which continued in the current fiscal year. Nevertheless, EBITDA margin remained stable at 12.39% during 9MFY26 up by 21 bps over 9MFY25. However, due to increase in interest cost and depreciation provision PAT moderated to Rs.67.05 crore during 9MFY26 from Rs.80.76 crore during

9MFY25. The company's ability to maintain its growth momentum and profit margins will remain a key rating monitorable going forward.

- **Healthy financial risk profile characterised by comfortable capital structure and healthy debt coverage indicators**

The capital structure of the company remained comfortable and improved with long term debt equity ratio and overall gearing of 0.07x and 0.22x respectively as on March 31, 2025, as against 0.21x and 0.33x respectively as on March 31, 2024. The improvement in capital structure is on account of reducing debt levels with improvement in cash accruals and accretion of profit to reserves. The company has a strong net worth base of Rs.787.12 crore as on March 31, 2025. Further, the company has been regularly infusing equity to support the operations and towards funding of the upcoming capex pertaining to setting up of brewery and distillery unit in UP – preferential equity of Rs.90.03 crore infused in FY25 (Rs.101.22 crore infused in FY24 pursuant to rights issue, preferential issue and conversion of warrants, Rs.27.20 crore infused in FY2023 pursuant to conversion of warrants). Total indebtedness as reflected by TOL/ATNW also stood comfortable at 0.71x as on March 31, 2025. With increase in profits coupled with reduction in interest cost and debt levels, the debt coverage indicators also improved and remained comfortable with ICR of 15.93x in FY25 as against 12.57x in FY24. Total debt/EBITDA and Total debt/NCA also improved from 1.32x and 1.59x respectively as on March 31, 2024, to 0.97x and 1.18x respectively as on March 31, 2025.

Key Rating Weaknesses

- **Project execution risk**

SDBL is in the process of setting up a greenfield brewery and distillery project in Khimsepur, Farrukhabad, Uttar Pradesh with a capacity of around 10 lakh cases per month under a wholly owned subsidiary company – WGNPL. The project is backed by the equity and technical support from SDBL. The proposed project under WGNPL will be set up in 2 phases. While phase 1 pertains to setting up a brewery and bottling unit for IMFL, phase 2 pertains to setting up a distillery plant for production of IMFL and ENA. The total estimated cost of the project is Rs.571.06 crore (Rs.367.60 crore for Phase 1 and Rs.203.46 crore for Phase 2) which will be funded through term loan of Rs.362.70 crore (Rs.223.70 crore for Phase 1 and Rs.139.00 crore for Phase 2) and the balance through promoter's contribution (Rs.143.90 crore for Phase 1 and Rs.64.46 crore for Phase 2). The DCCO for phase 1 and phase 2 is October 2026 and October 2027 respectively. The company successfully achieved the financial closure for both phases of the project. Moreover, the company has received the necessary regulatory approvals and the progress for Phase 1 of the project is on track. The sizeable debt funded capex exposes the company to project execution risks and is expected to moderate the capital structure and debt coverage metrics of SDBL to an extent. However, once the project is commissioned, the overall credit profile of SDBL will improve from H2FY27 onwards. A timely execution of the capex within the estimated capital outlay coupled with ramping up of operations will remain a key monitorable.

- **Exposure to geographical concentration risk**

Though SDBL has a PAN Indian presence, yet a major portion of its revenue is derived from Madhya Pradesh (~40% in FY2025) followed by Karnataka (~27% in FY2025) and Odisha (~17% in FY2025) which implies geographical concentration in revenue profile and any economic downturn in these states will directly impact the operations of the company. However, the company is focussing on diversifying its operations to new geographies and in the current fiscal year SDBL has increased its presence in the state of Tamil Nadu and has gained 2% of the overall market share in a span of 6 months. Further, the market presence of the Som group is expected to increase in Uttar Pradesh, once the new facility commences operations from October 2026 onwards.

- **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.

- **Competition from unorganised players**

The business is exposed to intense competition due to presence of many established players in the beer industry with well recognised brands.

- **Susceptibility of profitability to volatile input prices**

The prices of the key raw materials for the company – barley and glass bottles are volatile in nature and SDBL has to keep stocks in sufficient quantities to remain competitive in the market. Also, barley being an agro commodity, the production of the same is seasonal and is susceptible to vagaries of nature. As such SDBL's margins remain exposed to volatility in the raw material prices.

- **Working capital intensive nature of operations**

SDBL's operations are working capital intensive due to high debtors and inventory holding, especially during the peak season. The company has to extend a credit of around 45 to 60 days to its key customers. Further, there are also delays in realisations from Canteen Stores Department (CSD). The inventory days varies during the year based on peak and lean season. However, the company enjoys a credit of around 30-45 days from its raw material suppliers which imparts some comfort.

Analytical Approach: Consolidated

Infomerics has considered the consolidated financials of Som Distilleries & Breweries Limited (SDBL) and its subsidiaries and associate companies —Woodpecker Distilleries & Breweries Private Limited (WDBPL; SDBL holds 78.87% shares in WDBPL as on March 31, 2025), Som Distilleries & Breweries Odisha Private Limited [SDBOPL- Wholly Owned Subsidiary (WOS) of SDBL] and Woodpecker Greenagri Nutrients Private Limited (WGNPL – Associate company of SDBL where in SDBL holds 26% shares in WGNPL as on March 31, 2025. With effect from November 17, 2025, WGNPL has become a wholly owned subsidiary of SDBL) together referred to as the company or SDBL. The entities have strong financial and operational linkages, selling products under the same brands and sharing a common management. List of entities considered for consolidated analysis is given at **Annexure 4.**

Applicable Criteria:

Rating Methodology for Manufacturing Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Consolidation of companies

Policy for Placing Ratings on Rating Watch

Liquidity – Strong

The liquidity position of the company is likely to remain strong in the near to medium term marked by expected sufficient cash accruals vis-à-vis its debt repayment obligation for the next three years. The company has a comfortable capital structure with overall gearing of 0.22x as on March 31, 2025, indicating adequate gearing headroom. Further, the current ratio also stood comfortable at 1.46x as on March 31, 2025. Furthermore, the average utilisation of working capital borrowings (on a standalone basis) remained comfortable at ~55% for the last twelve months ended October 2025 indicating sufficient cushion in its working capital limits.

About the Company

Incorporated on March 26, 1993, Som Distilleries and Breweries Limited (SDBL) is the flagship company of the Bhopal-based Som Group and is engaged in the production of beer and the blending and bottling of IMFL. The company's manufacturing unit is located in Raisen, Madhya Pradesh, with an installed capacity of 15.2 million cases per annum (mcpa) of beer and 1.2 mcpa of IMFL. SDBL is listed on the NSE and BSE.

SDBL operates through its subsidiaries, Woodpecker Distilleries & Breweries Private Limited (WDBPL), in which it holds a 78.87% stake, and Som Distilleries & Breweries Odisha Private Limited (SDBOPL), a wholly owned subsidiary. WDBPL operates a unit in Hassan, Karnataka with beer capacity of 14 mcpa and IMFL capacity of 1.2 mcpa, while SDBOPL operates a unit in Cuttack, Odisha with beer capacity of 9 mcpa. On a consolidated basis, the group has an installed capacity of 38.2 mcpa of beer and 2.4 mcpa of IMFL.

SDBL incorporated another subsidiary in the name of Woodpecker Greenagri Nutrients Private Limited (WGNPL) in January 2025 to establish a greenfield brewery and distillery project in Khimsepur, Farruk habad, Uttar Pradesh which is expected to commence operations in a phased wise manner from October 2026 onwards.

Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025	9M FY26
	Audited	Audited	Un-audited
Total Operating Income	1280.67	1442.90	1048.51
EBITDA	149.45	176.20	129.88
PAT	86.50	104.50	67.05
Total Debt	197.35	171.38	-
Tangible Net Worth	592.97	787.12	-
EBITDA Margin (%)	11.67	12.21	12.30%
PAT Margin (%)	6.72	7.22	6.36%
Overall Gearing Ratio (x)	0.33	0.22	-
Interest Coverage (x)	12.57	15.93	7.48

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA:

Brickworks vide its press release dated November 20, 2025, maintained the rating under issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Rating (Year 2025-26)					Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating			Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Feb 12, 2026	Dec 30, 2025	Mar 07, 2025	Sep 23, 2025	-	-
1	Term Loan	Long Term	4.63*	IVR BBB+/RWNI	IVR A-/RWNI	IVR A-/ Stable	IVR A-/ RWDI	IVR A-/ Stable	-	-
2	Cash Credit	Long Term	85.37 (Including proposed limit of Rs.4.37 crore)	IVR BBB+/RWNI	IVR A-/RWNI	IVR A-/ Stable	IVR A-/ RWDI	IVR A-/ Stable	-	-
3	Bank Guarantee	Short Term	10.00	IVR A2/RWNI	IVR A2+/RWNI	IVR A2+	-	-		

** Outstanding as on October 31, 2025*

Analytical Contacts:

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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).

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 and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	April 2026	4.63*	IVR BBB+/RWNI
Cash Credit	-	-	-	85.37 (Including proposed limit of Rs.4.37 crore)	IVR BBB+/RWNI
Bank Guarantee	-	-	-	10.00	IVR A2/RWNI

** Outstanding as on October 31, 2025*

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Som_Distilleries_and_Breweries31_March26_3797370eea.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Entity	Consolidation/Combined Approach
Som Distilleries & Breweries Limited	Full Consolidation
Woodpecker Distilleries & Breweries Private Limited	Full Consolidation
Som Distilleries & Breweries Odisha Private Limited	Full Consolidation
Woodpecker Greenagri Nutrients Private Limited	Full Consolidation

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 www.infomerics.com.