



Press Release

NV Distilleries & Breweries Private Limited

March 13, 2025

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	239.00 (increased from Rs 169.90 Crs)	IVR A-/Stable (IVR Single A minus Plus with Stable Outlook)	IVR BBB+/ Positive (IVR Triple B Plus with Positive Outlook)	Rating Upgraded & Outlook Revised	Simple
2.	Short Term Bank Facilities	33.00 (reduced from Rs 33.75 Crs)	IVR A2+ (IVR Single A Two Plus)	IVR A2 (IVR Single A Two)	Rating Upgraded	Simple
Total		272.00	Rupees Two Hundred and Seventy Two Crore			

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has upgraded the long-term rating to IVR A- with Stable Outlook and short-term rating upgraded to IVR A2+ for the bank loan facilities of NV Distilleries & Breweries Private Limited (NVDBPL)

The rating upgradation of NVDBPL takes into consideration the sizeable improvement in the scale of operations & improved profit margins in FY24 on a standalone basis, besides rating continues to factor in the parentage of the NV group & strong support from the group, locational advantage and continuation of comfortable financial risk profile having comfortable gearing and debt protection metrics. However, the rating strengths continues to partially offset due to its volatility in input prices, vulnerability to the regulatory changes in the liquor industry & competition from peers, besides working capital intensive nature of operations.

The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that NVDBPL's business & financials risk profile will be maintained over the medium term on the back established track record of operations & growing scale of operations.

IVR has principally relied on the combined financials (NVDBPL, NVDPL & NVIPL) & standalone audited financial results of NVDBPL's up to up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024), & projected financials from FY25 to FY27 (refers to 1 April 2024 to 31 March 2027), and publicly available information/clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income and improvement in profitability
- Sustenance of capital structure and improvement in debt protection metrics..

Downward Factors

- Moderation in operating income and/or cash accrual or deterioration in operating margin, any stretch in the working capital cycle driven by pile-up of inventory or stretched receivables, or sizeable capital expenditure affecting the financial risk profile, particularly liquidity.
- Deterioration in overall combined (NV group) gearing to over 2.00x and interest coverage to below 1.8x on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Parentage of the NV group and strong support from group

The group companies have established track of the business. The promoters of the NV group, i.e. Mr. Ashok Jain and Mr. Sameer Goyal have more than two decades of experience in the alcoholic beverage industry. Over the years group companies have established its brand viz. Smoke Vodka; NV's Royal Envy Exclusive Premium Whisky; Discovery Elite Whisky; Party Special Blu Premium Whisky; Party Special Platinum Whisky; Party Special Rare Whisky; Blue Moon Premium Vodka; Blue Moon L'Orange Vodka; Blue Moon Green Apple Vodka; Blue Moon Extra Dry Gin; Blue Moon Duet Gin 'n' Lime etc.

Locational advantage

NVDBPL distributes Country Liquor (CL) & IMFL in Punjab and nearby states which are one of the biggest consumers of liquor in the North Region. NVDBPL has a grain-based distillery in Rajpura (Punjab) which provides locational advantage in terms of availability of raw material (Broken Rice) in Punjab and neighboring states (Haryana & UP).

Consistent improvement in the scale of operations

On a combined basis, the group registered consistent growth in total operating income (TOI) over the last 3 fiscal years, having CAGR of ~12.6% for the period FY21-FY24. The group companies registered annual growth of ~ 16% in FY24 i.e TOI improved from Rs 1108.86 crore in FY23 to Rs 1285.94 crore in FY24. The group registered revenue of ~Rs 1024 in 9MFY25.



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NVDBPL on a standalone basis, registered consistent growth in total operating income (TOI) over the last 3 fiscal years, having CAGR of ~14% for the period FY21-FY24. The company registered annual growth of ~ 24% in FY24 i.e TOI improved from Rs 501.46 crore in FY23 to Rs 622.88 crore in FY24 owing to higher production and sales in FY24. The company registered revenue of ~Rs 482 crore in 9MFY25. There has been some improvement in the operating profit margins from 12.39% in FY23 to 13.38% in FY24. The increase in EBITDA margins is due to a reduction in raw material cost i.e. grain, rice husk, besides better margins in IMFL, ENA, exports increased 2x from FY23 level which is having better margins led to overall increase in the profit margins of the company in FY24.

Comfortable financial risk profile

On a combined basis, the financial risk profile of the group continues to be comfortable, with the long-term debt equity and the overall gearing ratio of the company stood comfortable at 0.20x and 0.47x respectively as on March 31, 2024. Total indebtedness of the company reflected by total outstanding liabilities/Adjusted TNW ratio, which stood comfortable at 0.68 x in FY24 (PY: 0.65 x). The debt protection parameters are comfortable, reflected by interest coverage ratio at 2.96x in FY24 (PY: 2.80x) while debt service coverage ratio stood at 1.24x in FY24 (PY: 1.20x). Further, the total debt to EBITDA ratio stood comfortable at 2.29x in FY24 (PY: 2.64x). The current ratio of 1.97x at the end of March,2024, indicates company ability to meets its current liabilities from its current assets.

NVDBPL has a comfortable financial risk profile, with the long-term debt equity and the overall gearing ratio of the company stood satisfactory at 0.18x and 0.52x respectively as on March 31, 2024. Total indebtedness of the company reflected by total outstanding liabilities/Adjusted TNW ratio, which stood comfortable at 1.07x in FY24 (PY: 1.02x). The debt protection parameters are comfortable, reflected by interest coverage ratio at 3.11x in FY24 (PY:2.53x) while debt service coverage ratio stood at 1.31x in FY24 (PY: 1.11x). Further, the total debt to EBITDA ratio stood comfortable at 2.16x in FY24 (PY:2.48x). The current ratio of 2x at the end of March,2024, indicates company ability to meets its current liabilities from its current assets.

Key Rating Weaknesses

Volatility in input prices

NV group uses ENA as a raw material for its production. About 50% of cost of raw materials equivalents to the ENA cost. The price of ENA may vary as major raw material for ENA is grains (Broken rice) and the same may vary depending on the production, since grains are seasonal products being susceptible to vagaries of nature, thus there is risk of volatility in prices during off season and thus maintaining sufficient stock is



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critical to ensure uninterrupted operation of distillery and to offset the impact of the price fluctuations.

Vulnerability to regulatory changes in the liquor industry & competition

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. Liquor industry is highly competitive owing to number of small as well as large players. Alcohol industry is also susceptible to low entry barriers, besides adulteration in the small set-ups of country liquor leading to cheaper options could poses a threat.

Working capital intensive nature of operations

On a combined basis operating cycle remained elongated at 154 days in FY24 (PY: 142 days) majorly due to elongated inventory days at 124 in FY24 (PY:123 days). Inventory remain elevated due to nature of business whereas company to maintain high stock of grain to ensure uninterrupted operation of distillery. Operating cycle of NVDBPL on a standalone basis, remained elongated at 168 days in FY24 (PY:158 days) majorly due to elongated inventory days at 141 in FY24 (PY:156 days). The major raw material for production is Grain (Broken Rice), majorly used by the company for manufacturing for Extra Neutral Alcohol, they maintain high stock of grain to ensure uninterrupted operation of distillery.

Analytical Approach: For arriving at the ratings, INFOMERICS analytical team has combined the financials of NV Distilleries Pvt Ltd (NVDPL), NV Distilleries & Breweries Pvt Ltd (NVDBPL), and NV International Pvt Ltd (NVIPL) commonly referred as NV Group as these companies have a common management team and operational & financial linkages.

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](#)



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Liquidity – Adequate

On a standalone basis, the liquidity profile of NVDBPL is expected to remain adequate with its satisfactory gross cash accruals of more than Rs 50 crore against its debt repayment obligations of Rs. ~ 11.51 crore for FY25. The current ratio stood comfortable at 2x at the end of March, 2024. Further, the average cash credit utilisation remained high at ~82.54% during the past 12 months ended in December 2024 showcasing moderate liquidity buffer. The company has cash & cash equivalent of Rs 4.47 crore at the end of Dec, 2024.

About the Company

NVDBPL, a part of NV group has grain-based distillery at Punjab for manufacturing of Extra Neutral Alcohol (ENA), Country Liquor, IMFL, PET Bottle. The NV group (NVDPL, NVDBPL and NVIL) is engaged in liquor industry since 1980's and was engaged in distribution of liquors and set up one bottling plant in early 90's. The company started distillery in 2008 with NVDPL, in 2012 started NVDBPL and set up a unit in Rajpura and started NVIPL in 2014, together the group boasts of an installed capacity of ~279 KL/day for the production of ENA, 47000 cases/day of country liquor and 25000 cases/day of IMFL.

Financials (Standalone):

	(Rs. crore)	
For the year ended*/As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	501.46	622.88
EBITDA	62.11	83.32
PAT	22.54	38.37
Total Debt	154.29	179.79
Tangible Net worth	298.31	343.07
EBITDA Margin (%)	12.39	13.38
PAT Margin (%)	4.48	6.16
Overall Gearing Ratio (x)	0.52	0.52
Interest Coverage (x)	2.53	3.11

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for last 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (Feb 28, 2024)	Date(s) & Rating(s) assigned in 2022-23 (10 Jan 2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term Bank Facilities	Long Term	239.00	IVR A- /Stable	IVR BBB+/ Positive	IVR BBB+/ Stable	IVR BBB/ CWDI (24 March 2022) ----- - IVR BBB/ CWDI (17 January 2022) ----- - IVR BBB/ CWDI (06 April 2021)
2.	Short Term Bank Facilities	Short Term	33.00	IVR A2+	IVR A2	IVR A2	IVR A3+ / CWDI (24 March 2022) ----- - IVR A3+ / CWDI (17 January 2022) ----- - IVR A3+ / CWDI (06 April 2021)

CWDI- Credit Watch with Developing Implications

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.

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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.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	-	Till Nov,2030	55.00	IVR A-/Stable



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Long Term Bank Facilities – Term Loan	-	-	-	Till Dec,2031	64.00	IVR A-/Stable
Long Term Bank Facilities – CC	-	-	-	-	120.00	IVR A-/Stable
Short Term Bank Facilities - BG	-	-	-	-	33.00	IVR A2+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-NV-Distilleries-Brew-13mar25.pdf>

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

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

Name of the company	Consolidation/Combined Approach
1. NV Distilleries & Breweries Private Limited	100% consolidation
2. NV Distilleries Private Limited	100% consolidation
3. NV international Private Limited	100% 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.