NORTHERN SPIRITS LIMITED

CIN: L15500WB2012PLC185821

Registered Office : 5A, Woodburn Park Road, Woodburn Central Unit-603, 6th Floor, Kolkata-700020
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To
BSE Limited
Phirozee Jeejeebhoy Towers
Dalal Street, Mumbai-400 001
INDIA
BSE Scrip Code: 542628

Date: 21.11.2025

Respected Sir/Madam,

SUB: INDIA RATINGS AND RESEARCH HAS ASSIGNED CREDIT RATING ON BANKING LOAN FACILITIES AS 'IND-BBB'STABLE/IND A3+

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, we hereby inform that India Ratings and Research; a Fitch Group Company has assigned Credit Rating on Banking Loan Facilities of the Company as 'IND BBB'/STABLE/IND A3+. The instrument-wise rating actions are as follows:

Instrument Type	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank Loan Facilities	INR700	IND BBB/Stable/ IND A3+	Assigned
Bank Loan Facilities	INR1,960	IND BBB/Stable/ IND A3+	Affirmed

A copy of the detailed report issued is enclosed herewith

You are requested to take the above on record

Thanking you,

Yours faithfully
For Northern Spirits Limited

PANKAJ KHANNA
Digitally signed by PANKAJ KHANNA
Date: 2025.11.21 10:19:27 +05'30'

Pankaj Khanna
(COMPANY SECRETARY)
M.NO. A27867

Encl: As above

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Northern Spirits's Bank Loans at 'IND BBB'/Stable; Rates Additional Limits

Nov 20, 2025 | Breweries & Distilleries

India Ratings and Research (Ind-Ra) has taken the following rating action on Northern Spirits Limited's (NSL) bank facilities:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR700	IND BBB/Stable/IND A3+	Assigned
Bank loan facilities	-	-	-	INR1,960	IND BBB/Stable/IND A3+	Affirmed

Analytical Approach

Ind-Ra continues to take a standalone view of NSL to arrive at the ratings.

Detailed Rationale of the Rating Action

The ratings reflect NSL's sustained revenue and absolute EBITDA growth in FY25, led by higher sales volumes and its improved presence in its primary market, West Bengal. The ratings also factored in the experienced promoters and its established relationship with key suppliers. The ratings are, however, constrained by the company's moderate credit metrics, continued dependence on bank borrowings to support the growth in operations and industry's susceptibility to regulatory changes.

List of Key Rating Drivers

Strengths

- Experienced promoters
- Established relationship with key suppliers/brand owners
- Improvement in revenue; likely to continue in FY26
- Healthy operating profitability; albeit thin margins

Weaknesses

- Moderate credit metrics
- Working capital intensive operations
- Susceptibility to regulatory changes
- Stretched liquidity position

Detailed Description of Key Rating Drivers

Experienced Promoters: The promoters of NSL have more than two decades of experience in the liquor industry, leading to an established presence in the north and eastern states in India. Before incorporating NSL, the promoters were running the liquor business through their group entity United Wines, a proprietorship firm engaged in importing foreign liquor. The operations of United Wines are now managed by Anuj Bakshi who is also a director of NSL. The background of United Wines laid the foundation for NSL to become a leading liquor distributer in India.

Established Relationship with Key Suppliers/Brand Owners: NSL maintains an established relationship with its suppliers. The company is an authorised distributor of Pernod Ricard, Carlsberg, United Breweries Limited (UBL), Bacardi and other key players in the domestic market. NSL has a presence in West Bengal, Assam, Tripura, Arunachal Pradesh, Uttar Pradesh and Delhi. The company has exclusive distributorship rights of Pernod Ricard, Bacardi, Carlsberg, William Grants, Brown Forman and Campari India for West Bengal. In Uttar Pradesh, it supplies Pernod Ricard, Carlsberg, William Grants and Bacardi. For the north-eastern states, NSL has a tie up with Bacardi, William Grant and Campari India and for Delhi, it distributes foreign liquors. Therefore, NSL's business risk profile benefits from the long association of promoters with the reputed alcoholic beverage manufacturers/ brand owners.

Improvement in Revenue; likely to Continue in FY26: NSL's revenue surged to INR19,426 million in FY25 (FY24: INR12,353 million; FY23: INR9,053 million; FY22: INR2,665.70 million), led by an increase in its sales volumes amid addition of new geographies. This was supported by the company's improved presence in its primary market, West Bengal, and an exploration of newer geographies for liquor distribution along with the launch of new products. The company currently distributes in Delhi (NCR), West Bengal, UP and in the Northeastern states. Since FY22-FY23, West Bengal accounted for a major share of the company's revenue, followed UP. Ind-Ra expects NSL's revenue to be over INR20,000 million in FY26.

Healthy Operating Profitability; albeit Thin Margins: The company's absolute operating profitability increased to INR464 million in FY25 (FY24: INR309 million; FY23: INR227 million), supported by expanding revenue. The return on capital employed increased to 17.4% in FY25 (FY24: 14.7%; FY23: 14.1%). However, NSL's margins are likely to trail at 2%-3% given the distribution nature of the business with low value addition and highly state and central government regulations. The operating margin stood flat at 2.4% in FY25 (FY24: 2.5%; FY23: 2.5%). In the medium term, Ind-Ra expects the margins to remain at similar levels, amid West Bengal domination. Although, the company derives higher margins from its imported liquor business in UP, Delhi and the North-Eastern regions, the volumes tend to remain lower.

Moderate Credit Metrics: The net leverage (net debt/ operating EBITDA) reduced to 3.18x at FY25 (FY24: 3.95x; FY23: 3.93x), due to its increased absolute operating EBITDA despite an increase in total debt levels following higher working capital borrowings to support growing revenue. The gross interest coverage (operating EBITDA/gross interest expenses) dropped to 2.87x during FY25 (FY24: 3.39x; FY23: 2.92x) due to higher interest expenses following higher working capital borrowings. Since the distributer business has limited value addition and low margins, and the increase in volume sales needs to be sustained to ensure profitability, NSL needs continuous support from banks in the form of working capital facilities. NSL inducted a new banker in FY24 and has sanctioned limits from two banks. Ind-Ra expects the interest coverage to remain broadly trail around similar levels over the near- to medium term.

Working Capital Intensive Operations: NSL's operations are moderately working capital intensive in nature on account of the credit extended to the customers and the holding of inventory in its warehouses. During FY25, the working capital cycle reduced to 49 days (FY24: 62 days; FY23: 66 days) benefitting from faster payment receipts from customers (31 days; 42 days; 43 days) and slightly lower inventory holding for 17 days (20 days, 23 days). The working capital intensity is also evidenced from the wide range of liquor brands NSL needs to maintain its in its inventory across all operating states, resulting in an average inventory days of 20-25. As the company does not receive any credit from the suppliers, it is required to fund the entire working capital needs through internal accruals and working capital borrowings.

Susceptibility to Regulatory Changes: The liquor industry is administered by a strict license regime for production and distribution. Any adverse change in the government's license authorisation policy such as discontinuation or limiting of the renewal of licenses or substantially increasing license fees, could impact NSL's scale of operations.

Stretched Liquidity: Please refer to liquidity section below.

Liquidity

Stretched: NSL needs to fund the entire working capital needs from its internal accruals and working capital borrowings due to the unavailability of credit from suppliers against the credit period and inventory holding requirement, leading to increased working capital borrowings. The average month-end utilisation of the fund-based limits on a combined basis was around 80% for the six months ended October 2025. The cash flow from operations remained negative at INR307 million in FY25 (FY24: negative INR384 million), due to unfavourable changes in the working capital with increased sales. Ind-Ra anticipates the working capital utilisation to remain relatively elevated over the near to medium term to fund high growth amidst thin margins.

Nevertheless, the company has been able to enhance its working capital lines due to expanding business operations. It is in discussions with banks to enhance the limits, and if sanctioned, the additional funding is likely to slightly ease current utilisation. The company does not maintain sizeable, secured debt except for guaranteed emergency credit line and vehicle loan; with scheduled repayments of INR38.6 million in FY26 and INR7.5 million in FY27. The cash and cash equivalents stood at INR236.7 million at FYE25 (FYE24: INR154.76 million).

Rating Sensitivities

Positive: A substantial improvement in the scale of operations, along with an improvement in the overall credit metrics with the interest coverage increasing above 3.0x and an improvement in the liquidity profile, all on a sustained basis, could lead to a positive rating action.

Negative: A substantial decline in the scale of operations, leading to deterioration in the overall credit metrics with the interest coverage decreasing below 2.25x or any pressure on the liquidity position, all on a sustained basis, could lead to a negative rating action.

Any Other Information

Not applicable

About the Company

Incorporated in 2012, Kolkata-based NSL distributes liquor in West Bengal, UP and Assam, Tripura, Meghalaya and Arunachal Pradesh. The company has tied up with key suppliers like Pernod Ricard, UBL, Carsberg, Diageo and other manufactures in the domestic market. The company is managed by Ankush Bakshi, Anuj Bakshi and Kulbir Bakashi. The company is listed on the BSE SME platform.

Key Financial Indicators

Particulars	1HFY26	FY25	FY24
Revenue (INR million)	10,968.06	19,426.138	12,353.058
EBITDA (INR million)	272.19	464.483	309.162
EBITDA margin (%)	2.48	2.39	2.50
Gross interest coverage (x)	-	2.87	3.389
Net leverage (x)	-	3.18	3.95
Source: NSL; Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook					
				10 July 2025	27 Nov 2024	29 Oct 2024	30 Nov 2023	11 August 2023	18 July 2022

Issuer rating	Long-term	-	-	-	-	-	WD	IND BBB/ Positive	IND BBB/ Stable
Bank Loan Facilities	Long-term/ short-term	INR2,660	IND BBB/ Stable/IND A3+	IND BBB/ Stable/ IND A3+	IND BBB/ Positive/ IND A3+	IND BBB/ Positive/ IND A3+	IND BBB/ Positive/ IND A3+	IND BBB/ Positive/ IND A3+	IND BBB/ Stable/IND A3+

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Contact

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process