# Radico Khaitan Limited

July 09, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 1,300.00 | CARE AA; Stable | Reaffirmed |
| Short Term Bank Facilities | 60.00 | CARE A1+ | Reaffirmed |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank loan facilities of Radico Khaitan Limited (RKL) continues to consider RKL's strong operational profile underpinned by its robust brand positioning, particularly of its key products including Magic Moments, which is also evident by the healthy year on year (y-o-y) growth reported in the total operating income (TOI) and profitability over the past few years. In FY25, the revenue growth was driven by increase in the volumes across both the categories, i.e. Prestige and above (P&A) and Regular & Others (R&O), with uptick in the prestige and above (P&A) segment's contribution. This is further supported by higher sales realisations benefitting from the ongoing premiumisation trend and supportive policy reforms across various states.

The ratings reaffirmation also factors in its comfortable financial risk profile marked by healthy coverage indicators and strong liquidity position. CARE Ratings Limited (CareEdge Ratings) expects further strengthening of the company's financial risk profile with expected reduction in debt levels amidst absence of large capex plans, better profitability margins favoured by sustained demand for key products/ brands, all amidst a favourable industry outlook, especially in light of key excise reforms in major states.

The ratings further derive strength from the company's experienced promoters and their long track of operations in the Indian Liquor industry, along with RKL's high margin product-mix, nation-wide presence in the Indian-made foreign liquor (IMFL) segment, high entry barriers in the industry, established brands and the company's efficient supply chain management.

However, ratings remain constrained by volatility in the raw material prices, which are primarily agricultural commodities, and the and the company's exposure to the highly regulated nature of the alcoholic beverage industry, which can affect pricing and distribution dynamics.

## Rating sensitivities: Factors likely to lead to rating actions

### Positive factors

- Increasing total income with higher contribution from the P&A category, while maintaining a profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 15% on a sustained basis.
- Improving capital structure with total debt to PBILDT below 1x on a sustained basis.

### Negative factors

- Decreasing PBILDT margin below 12% on a sustained basis.
- Total debt to PBILDT deteriorating beyond 2x.
- Unfavourable change in the liquor policy in Uttar Pradesh or any other state, from where the company derives its majority country liquor and IMFL sales.

## Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of parent, RKL, its subsidiaries and a joint venture (JV), which is Radico NV Distilleries Maharashtra Limited (RNVD, rated 'CARE A+; Stable/ CARE A1') owing to their strategic significance to the parent, common management, and operational linkages. Details of the consolidated subsidiaries and JV as on March 31, 2025, are given in Annexure-6.

## Outlook: Stable

The "Stable" outlook indicates the expected sustenance of RKL's market position in the alcobev industry, strong operational metrics, and robust financial risk profile. The company is expected to continue growing its scale of operations supported by the premiumisation trend in the industry at a healthy operating profitability margin while benefiting from its backward integration.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

## Key strengths

**Established brands and efficient supply chain**

RKL has been in liquor manufacturing since 1943 (by the name of Rampur Distillery & Co), being promoted and managed by the Khaitan family. In 1998, RKL entered the branded liquor segment with the launch of '8PM Whisky' and since then, the company has launched successful brands across diverse price points operating in all segments of luxury, semi-luxury, super-premium, premium, deluxe, and regular.

Presently, RKL is one of the leading players in the Indian liquor industry with eight millionaire brands in its product portfolio. Its flagship brand, Magic Moments Vodka has consistently grown in double digits Y-o-Y, underscoring strong premium segment positioning. Other key brands include Rampur Indian Single Malt, Jaisalmer Indian Craft Gin, Sangam, Royal Ranthambore whisky, 8PM Black, Morpheus, 1965 Spirit of Victory, After Dark Old Admiral and Contessa. RKL continuously expands its product portfolio each year through innovating products. The company recently launched Morpheus Super Premium Whisky marking its entrance into super premium whiskey segment. Going forward, CareEdge Ratings expects Company to keep enhancing its brand portfolio.

The company has three distilleries in Rampur, Uttar Pradesh, three in Aurangabad, Maharashtra (36% JV) and one newly commissioned distillery in Sitapur, Uttar Pradesh, which has almost doubled its capacity from 104.9 million litres in FY23 to 213.3 million litres in FY24 (excluding the capacity under JV). The total manufacturing capacity as on March 31, 2025 stood at 321.2 million litres. RKL has a strong distribution network and a PAN India presence, though some revenue concentration within Uttar Pradesh which has been declining over the years. The company operates 41 bottling units. Its products are sold through over 100,000 retail and over 10,000 on-premises outlets. The company has put in place a robust distribution system enabling it to ensure timely delivery of products across channels and geographies. The company has also evolved its go-to-market strategies to keep pace with the changing dynamics of the market.

**Healthy scale of operations supported by adequate backward integration and favourable policy reforms:**

In FY25, RKL continued to demonstrate strong operational growth, driven by the sustained premiumisation trend and supportive state-level excise policy reforms. The Prestige & Above (P&A) category recorded a robust 15.5% year-on-year volume growth (PY: 20.4%), increasing its share of total IMFL volumes to 41.4% (from 39.4% in the previous year) and contributing around 69% of the company's IMFL revenue (PY: 68%). While the regular category had seen degrowth in FY24 (by 14% Y-o-Y) largely due to strategic rationalisation, and regional price-led demand softness, volumes also recovered in FY25 with a 13% Y-o-Y growth, largely driven by favourable excise reforms in Andhra Pradesh. Overall, total volumes rose to 31.4 million cases in FY25, up by 9% Y-o-Y and the same is expected to grow at a modest rate supported by robust distribution network, new product launches, and a premium-centric portfolio.

The growth is also driven by favourable policy reforms particularly, in the state of Uttar Pradesh (one of the RKL's key markets) and Andra Pradesh. In Uttar Pradesh, the introduction of composite liquor outlets as part of state-led reforms led to a 1.5x increase in spirits retail points, significantly improving consumer access and choice, with a notable uplift for premium brands. Consequently, net sales from Uttar Pradesh increased by 16% year-on-year in FY25. In Andhra Pradesh, the implementation of excise and route-to-market reforms from October 1, 2024, contributed to market stabilization and a shift in market share from local players to national brands like RKL.

IMFL sales realisation also improved by ~5% to Rs. 1180/case in FY25 leading a total revenue from operations of Rs. 4748 crore (against Rs. 4158 crore in FY24) marking a Y-o-Y double digit growth of 14% (PY: 34%).

The company commissioned its new greenfield 350-KLPD grain-based distillery at Sitapur, Uttar Pradesh, in Q2FY24, which doubled its total capacity to 213.1 million litres (excluding capacity under JV). With the commissioning of this plant, RKL has secured its long-term extra neutral alcohol (ENA) supplies resulting in quality ENA and de-risk its dependence on the distillery in Rampur. Further, in FY25, the raw material price trend largely remained stable except for some volatility in grain prices and ENA, which has softened from January 2025 onwards.

The PBILDT margin in FY25 improved to 14.21% (PY: 12.20%) with an absolute PBILDT growth of 33% on a Y-o-Y basis. Going forward in FY26, CareEdge Ratings expects an improvement in the PBILDT margin by over ~100-120 bps driven by stabilisation in the raw material prices, higher volume contribution from luxury brands, and continued growth of the P&A category.

**Strong position in the defence segment**

RKL is the largest player in the defence market, where its most famous brand is "Contessa" rum. The brands, "Rampur Indian Single Malt" and "Jaisalmer Indian Craft Gin" were approved to supply to the canteen store department (CSD) towards the end of FY22 and one more brand, "Royal Ranthambore", supplied from Q4FY25 onwards. The company derived around 10% of its net sales in the IMFL category income from the CSD in FY25 and has the highest market share of 20-25% in the said space. There are stringent conditions for entering the CSD segment, leading to high entry barriers for new players.

**High entry barriers**

Liquor policies governing its production and sale are entirely controlled by the respective state governments. With all the alcohol-consuming states/Union Territories having their own regulations and entry-exit restrictions, thus providing a competitive advantage to the existing players.

**Comfortable financial risk profile**

The company's capital structure marked by a tangible networth of Rs. 2747 crore as on March 31, 2025 remains healthy with an overall gearing of 0.40x (PY: 0.42x). The debt coverage indicators also remains comfortable with net debt to PBILDT and interest coverage ratio also improved to 1.55x (PY: 1.83x) and 9.08x (PY: 8.50x) as on March 31, 2025. With all major projects successfully commissioned within planned timelines and no additional debt-raising envisaged, CARE Rating's expects the company's financial position to remain strong and further improve over the medium term.

## Key weaknesses

### Volatility in raw material prices

Volatility associated with RKL's key raw materials particularly comprising grains and ENA continued in FY25. ENA is produced from the molasses, a byproduct, in the sugar manufacturing process, or from grains.
In YTD FY26, a notable softening in grain prices was observed—broken rice declined from ₹27,500–28,000 per ton to around ₹25,000 per ton, and maize prices dropped by ₹2,000 per ton. This was largely due to the Government of India allowing the Food Corporation of India (FCI) to offload surplus rice for ethanol production, diverting procurement away from private markets and easing demand-side pressures. Concurrently, packaging costs also trended favourably, with glass bottle prices witnessing two rounds of downward corrections, driven by easing input costs like soda ash and improved supply dynamics. Although raw material volatility remains inherent—particularly in ENA sourced from both molasses and grain—Radico's backward-integrated distillation capacity offers a degree of insulation, enhancing cost stability and protecting margins in a fluctuating commodity environment.

### High entry barriers

The Indian liquor industry is characterized by high entry barriers, primarily due to stringent and highly regulated state-level policies governing the production, distribution, and sale of alcohol. Each alcohol-consuming state and Union Territory operates under its own set of rules, licensing requirements, pricing controls, and entry-exit restrictions. This regulatory complexity makes market entry challenging for new players and provides a significant competitive advantage to established companies with existing licenses, distribution networks, and regulatory familiarity.

## **Liquidity**: Strong

The company's liquidity profile remains strong marked by steady gross cash accruals expected to be in the range of ₹600-800 crore in the medium term while the total cash and cash equivalents stood at Rs. 55 crore as on March 31, 2025. Against these, the debt repayment obligation in FY26 and FY27 amounts to around Rs. 136 crore annually, which is expected to be met comfortably. There is no major capex planned for the company.
The average utilisation of working capital limits stood at around 55% for the last 12 months ended March 2025, providing sufficient liquidity cushion. The operating cycle stood at 67 days in FY25 (PY: 62 days) with a short collection period of 23 days as against average creditor period of 51 days. The average inventory period stood at 95 days in FY25.

## Environment, social, and governance (ESG) risks

The alcohol sector has a moderate environmental impact, primarily driven by its raw material sourcing strategies and water intensive processes. It also has a moderate social impact due to the aspect related to alcohol abuse, underage consumption and risk of government intervention including restriction on sales, regulation of marketing practices, and higher tax, among others.
RKL has continuously focused on mitigating its environmental and social risks. CareEdge Ratings believes RKL's commitment to ESG will support its strong credit profile.

Key ESG initiatives by the RKL are as below:
**Environmental-** The company recycled close to 20% of the glass bottles used in key brands, advancing its sustainable packaging goals. Separately, it processed over 6,700 tonnes of plastic waste for reuse in key brands—contributing to savings of 119 million liters of water, 38 million kWh of energy, a reduction of 16.4 million kg of $CO_2$ emissions, and the diversion of 5.3 million ft$^3$ of waste from landfills. Their value-engineering efforts also reduced 1,450 tonnes of glass and shifted 26.5% of PET bottles to more sustainable versions. Their Rampur distillery is now fully self-sufficient in energy, using 84% captive-sourced power (rice husk, coal, biogas), and Sitapur taps 99% biofuel. Groundwater recharge efforts replenished 450% of usage through 156 recharge structures, while freshwater use dropped by 50–58% since FY18.
**Social-** Under Bhujal Shakti Project, in partnership with the Art of Living and government agencies, covered 451 villages in Rampur district. In FY24, 100 groundwater recharge shafts were completed, contributing to improved water table classifications in key areas. Over 5,500 farmers received training in efficient irrigation practices under the project.
The company's Skill Development Centre trained 195 youth in FY24, with a cumulative total of 400 individuals trained. Additionally, a dedicated Women's Empowerment Centre trained 120 women in tailoring and beautician skills, bringing the two-year total to 240.
**Governance**- The governance structure is characterised by majority of the board members being independent directors, the board of the company comprising 7 members, consists of one executive Chairman, two executive directors (Managing Director and Whole-time Director), and four independent directors, including an Independent Woman Director as on March 31, 2025.

## Applicable criteria

[Definition of Default]
[Consolidation & Combined Approach]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Fast Moving Consumer Goods | Fast Moving Consumer Goods | Beverages | Breweries & Distilleries |

RKL is engaged in manufacturing IMFL, rectified spirit (RS), ENA, and country liquor. The company has three distilleries in Rampur (Uttar Pradesh) and three in Aurangabad (Maharashtra), under Radico NV Distilleries Maharashtra Limited, a 36% joint venture. The company has a total owned capacity of 321.3 mn ltrs (108 mn ltrs under JV) and operates 41 bottling units out of which 28 are contracted with annual contracts, 8 on royalty and 5 for captive consumption. The company commissioned a dual feed plant at Rampur, Uttar Pradesh in FY23 and further in FY24, it also completed the commissioning of its 350 KLPD distillery at Sitapur with which the company has secured its long-term ENA supplies.

At present, RKL has eight millionaire brands, including 8PM Whisky, Contessa Rum, Old Admiral Brandy, Magic Moments Vodka, 8 PM Premium Black Whiskey, Morpheus Premium Brandy, 1965 Spirit of Victory Premium Rum and Contessa Rum.

| Brief Financials (₹ crore) Consolidated | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (A)* |
|---|---|---|---|
| Total operating income | 3099.14 | 4158.22 | 4747.59 |
| PBILDT | 358.71 | 507.15 | 674.40 |
| PAT | 220.35 | 262.17 | 345.61 |
| Overall gearing (times) | 0.40 | 0.42 | 0.40 |
| Interest coverage (times) | 15.96 | 8.50 | 9.08 |

A: Audited, *Abridged; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated**: Annexure-4

**Lender details**: Annexure-5

## Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based - LT-Cash Credit | | - | - | - | 800.00 | CARE AA; Stable |
| Fund-based - LT-Term Loan | | - | - | 31/08/2027 | 500.00 | CARE AA; Stable |
| Non-fund-based - ST-BG/LC | | - | - | - | 60.00 | CARE A1+ |

## Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Non-fund-based - ST-BG/LC | ST | 60.00 | CARE A1+ | - | 1)CARE A1+ (18-Jun-24) | 1)CARE A1+ (20-Jun-23) | 1)CARE A1+ (21-Jun-22)<br><br>2)CARE A1+ (10-May-22) |
| 2 | Fund-based - LT-Cash Credit | LT | 800.00 | CARE AA; Stable | - | 1)CARE AA; Stable (18-Jun-24) | 1)CARE AA-; Positive (20-Jun-23) | 1)CARE AA-; Positive (21-Jun-22)<br><br>2)CARE AA-; Positive (10-May-22) |
| 3 | Commercial Paper-Commercial Paper (Carved out) | ST | - | - | - | - | 1)Withdrawn (20-Jun-23) | 1)CARE A1+ (21-Jun-22)<br><br>2)CARE A1+ (10-May-22) |
| 4 | Fund-based - LT-Term Loan | LT | 500.00 | CARE AA; Stable | - | 1)CARE AA; Stable (18-Jun-24) | 1)CARE AA-; Positive (20-Jun-23) | 1)CARE AA-; Positive (21-Jun-22)<br><br>2)CARE AA-; Positive (10-May-22) |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

## Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Non-fund-based - ST-BG/LC | Simple |

## Annexure-5: Lender details

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| To view the lender wise details of bank facilities please click here |

## Annexure-6: List of entities consolidated

| Sr No | Name of the entity | Extent of consolidation | Rationale for consolidation |
|---|---|---|---|
| 1. | Radico NV Distilleries Maharashtra Limited (JV, 36% equity stake) | Proportionate | Joint Venture |
| 2. | Radico Spiritzs India Private Limited | Full | Wholly owned subsidiary |
| 3. | Accomreal Builders Private Limited | Full | Step down subsidiary |
| 4. | Compaqt Era Builders Private Limited | Full | Step down subsidiary |
| 5. | Destihomz Buildwell Private Limited | Full | Step down subsidiary |
| 6. | Equibuild Realtors Private Limited | Full | Step down subsidiary |
| 7. | Proprent Era Estates Private Limited | Full | Step down subsidiary |
| 8. | Binayah Builders Private Limited | Full | Step down subsidiary |
| 9. | Firstcode Reality Private Limited | Full | Step down subsidiary |

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**About us:**

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com



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