

## Sharvani Alco Brew Private Limited

December 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	26.16 (Reduced from 29.58)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	15.00	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in ratings assigned to the bank facilities of Sharvani Alco Brew Private Limited (Sharvani) is on account of a decline in turnover leading to net loss in FY25 (FY refers to the period April 01 to March 31) on account of lower sales, which has continued in the current year. The decline in sales is because of the change in Andhra Pradesh's liquor policy which introduced cheap liquor brands, and competition from these brands significantly impacted Sharvani's sales in H2FY25 and the current year. Also, the agreement with Radico Khaitan Limited (RKL; rated CARE AA, Stable/CARE A1+) was withdrawn, meaning Sharvani has no big liquor brands to sell this year.

The rating remains constrained by susceptibility of margins to raw material price fluctuations and the highly regulated liquor industry with intense competition. The rating derives strength from the improvement in capital structure marked by a decrease in total debt, although it remained leveraged at 2.40x in FY25. The rating derives strength from the extensive experience of promoters, favourable location, moderate operating cycle and adequate liquidity.

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

#### Positive factors

- Improvement in overall gearing below 2.0x

#### Negative factors

- Significant deterioration in TOI and decline in PBILDT margin from current levels
- Elongation of operating cycle by more than 90 days

**Analytical approach:** Standalone

**Outlook:** Stable

The stable outlook indicates that the company will benefit from the experience of its promoters in the business.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderation in revenue with decline in profitability:

In FY25 (FY refers to April 01 to March 31), the total operating income (TOI) of Sharvani Alco Brew Private Limited (Sharvani) decreased by 12.1% to ₹194.99 crore from ₹221.74 crore in FY24. Sharvani entered into a franchise agreement with Radico Khaitan Limited (RKL) in FY23 for three years to manufacture and sell RKL's brands, which led to an increase in revenue in FY24. However, revenue declined in FY25 due to lower sales. In FY25, operating profit decreased to ₹4.59 crore (FY24: ₹13.24 crore) and the company reported a loss after tax of ₹1.44 crore compared to profit after tax (PAT) of ₹4.40 crore in FY24, considering the decline in TOI and increase in operating and other expenses. Further, operating margin declined to 2.4% in FY25 from 6.0% in FY24. Also, the agreement with RKL was terminated in March 2025.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Susceptibility of margins to raw material price fluctuations:**

The company procures the majority of its raw material requirement through traders. The major raw material used is extra neutral alcohol (ENA), which comprises ~70% of total cost. ENA prices remain volatile as they depend on various factors including adequacy of supply, which in turn depends on farm yield, government regulations, and others. Thus, margins remain susceptible to volatility in raw material prices. The company's ability to effectively manage price volatility will remain a key rating sensitivity.

**Highly regulated liquor industry with intense competition:**

The liquor industry in India is highly regulated with high levels of taxes and levies, and strict regulations for procuring licences, creating or expanding distilling/brewing capacities, wholesale and retail distribution, and advertising. Any adverse regulatory change could affect players across the value chain. The duty and tax structure is complex and varies across states. Any change in duty structure can impact demand-supply dynamics in a region. Apart from this, the presence of multiple players limits pricing flexibility, resulting in low margins.

**Key strengths****Extensive experience of Promoters:**

Sharvani is promoted by E Chandra Reddy and T K Maheshwar Singh, who have over two decades of business experience in related industries. The promoters also have other entities in the alcohol distilling and brewing chain. E Chandra Reddy also owns and operates three wine shops and is engaged in food grain trading. The promoters have been in the industry for over two decades and have strong relationships with major label manufacturing companies.

**Improved capital structure and debt coverage metrics:**

The total debt profile of Sharvani comprises term loans, cash credit facility and loans from promoters. As on March 31, 2025, total debt declined due to lower cash credit utilisation. The overall gearing improved to 2.40x as on March 31, 2025 from 6.70x as on March 31, 2024.

**Favourable Location:**

The manufacturing unit is strategically located near Krishna district, offering logistical advantage. Sharvani procures most raw material from the nearest market and government auctions. The plant is located in Krishna district, a water-abundant region with several distilleries and bioproduct players along the belt. Distilling is a water-sensitive process and requires continuous water supply for uninterrupted operations.

**Improved operating cycle:**

The operating cycle improved to 50 days as on March 31, 2025 from 61 days as on March 31, 2024. The improvement was due to a decrease in collection days to 44 days as on March 31, 2025 (PY: 56 days) and inventory days of 20 days as on March 31, 2025 (PY: 22 days).

**Liquidity:** Stretched

Liquidity position of the company is characterised by generation of gross cash accruals of ₹0.13 crore against debt repayment obligation of ₹1.99 crore in FY26 (FY refers to April 01 to March 31), while average working capital utilisation remained at 71% in the 12 months ended October 2025.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

**Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

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## About the company and industry

### Industry classification

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

Sharvani Alco Brew Private Limited (Sharvani) is promoted by E Chandra Reddy and T K Maheshwar Singh. In FY18-FY20, Sharvani undertook bottling and job-works for Varunani Marketing Private Limited. In FY21, the company commenced manufacturing potable alcohol, mainly country liquor (CL), with an installed capacity of 15.28 lakh cases/year as on March 31, 2023, at its manufacturing plant in Krishna district, Andhra Pradesh. The company sells its products under the brand names "WhyteHall," "Old Admiral," and "Andhra Gold."

Brief Standalone Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	221.74	194.99
PBILDT	13.24	4.59
PAT	4.40	-1.44
Overall gearing (times)	6.70	2.40
Interest coverage (times)	2.48	1.01

A: Audited; 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 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		-	-	-	25.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	May 2027	1.16	CARE BB-; Stable
Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing		-	-	-	15.00	CARE BB-; Stable / CARE A4

**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	Fund-based - LT-Term Loan	LT	1.16	CARE BB-; Stable	1)CARE BB-; Stable (20-Nov-25)	1)CARE BB+; Stable (07-Nov-24)	1)CARE BB+; Stable (20-Nov-23)	1)CARE BB; Stable (08-Dec-22) 2)CARE BB; Stable (06-Oct-22)
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BB-; Stable	1)CARE BB-; Stable (20-Nov-25)	1)CARE BB+; Stable (07-Nov-24)	1)CARE BB+; Stable (20-Nov-23)	1)CARE BB; Stable (08-Dec-22) 2)CARE BB; Stable (06-Oct-22)
3	Fund-based - LT/ST-Bill Discounting/ Bills Purchasing	LT/ST	15.00	CARE BB-; Stable / CARE A4	1)CARE BB-; Stable / CARE A4 (20-Nov-25)	1)CARE BB+; Stable / CARE A4+ (07-Nov-24)	1)CARE BB+; Stable / CARE A4+ (20-Nov-23)	1)CARE BB; Stable / CARE A4 (08-Dec-22) 2)CARE BB; Stable / CARE A4 (06-Oct-22)

LT: Long 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	Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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