Radico Khaitan Limited

July 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	930.00 (Reduced from 1,300.00)	CARE AA; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	60.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings for bank facilities of Radico Khaitan Limited (RKL) at CARE AA/A1+ and simultaneously revised the outlook for long-term bank facilities from Stable to Positive. Reaffirmation of ratings continues to factor in RKL's strong operational profile characterised by healthy year-on -year (y-o-y) growth in total operating income (TOI) and profitability. In FY26, the revenue growth was driven by increase in contribution from the prestige and above (P&A) category to net sales and overall improvement in sales realisations backed by continued premiumisation trend and supportive policy reforms across states.

The revision of the outlook from Stable to Positive reflects the company's sustained revenue growth trajectory, successful shift towards premiumization, supportive state liquor policies, and strengthening market position, which are expected to drive improved profitability and business performance over the medium term.

The company's financial risk profile continues to remain comfortable marked by healthy coverage indicators and strong liquidity position against minimal debt repayment obligations. Going forward, CareEdge Ratings expects improvement in the company's financial risk profile as the overall debt reduces with no additional debt planned to be taken and further increase in profitability with continued focus on expanding the P&A portfolio.

Ratings further derives comfort from the company's experienced promoters and their long track of operations in the Indian liquor industry, and RKL's product-mix, strong 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 raw material prices, which are primarily agricultural commodities, and the company's presence in a highly regulated industry.

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 (TD) to PBILDT below 1.0x on a sustained basis.

Negative factors

- Decreasing PBILDT margin below 12% on a sustained basis.
- TD/PBILDT deteriorating beyond 2.0x.
- Unfavourable change in the liquor policy in Uttar Pradesh or other states, 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+; Negative/ CARE A1') owing to their strategic significance to the parent, common management, and operational linkages. Details of the subsidiaries and JV, which have been consolidated as on March 31, 2026, are given under Annexure-6.

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

Outlook: Positive

Revision in outlook from "Stable" to "Positive" factors in the material and sustained improvement in RKL's financial risk profile in FY26, characterised by a significant expansion in PBILDT margins to 16.88% (PY: 14.21%) and meaningful deleveraging, with TD/PBILDT declining to ~0.9x (PY: 1.6x). Positive outlook signals that a rating upgrade is likely in the medium-term contingent upon RKL sustaining the current trajectory of revenue and profitability growth with an increasing share of P&A in the overall sales mix, while maintaining a strong leverage and coverage profile. Outlook will however be revised back to Stable, considering a contraction in PBILDT margins from current levels or deterioration in the capital structure.

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), thereafter being managed by the Khaitan family after acquiring in 1970s. 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. Currently, 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. As the only Indian spirits company with eight millionaire brands, RKL has successfully expanded and premiumised its portfolio, leveraging a strong pan-India distribution network, and an efficient supply chain to drive growth while progressively lowering its dependence on Uttar Pradesh, and broadening its revenue base across the country.

RKL continuously expands its product portfolio each year through innovating products. The company launched Morpheus Super Premium Whisky marking its entrance into super premium whiskey segment. In the luxury space, the Company launched Rampur 1943 Virasat Indian Single Malt and The Spirit of Kashmyr Luxury Vodka during FY26.Care Edge Ratings expects the company to keep enhancing its brand portfolio. The company has three distilleries in Rampur, Uttar Pradesh, three in Aurangabad, Maharashtra (36% JV), and one distillery in Sitapur, Uttar Pradesh. The total manufacturing capacity as on March 31, 2026, stood at 323.3 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 44 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 changing dynamics of the market.

Strong operational profile with rising premiumisation supporting growth in scale of operations

In FY26, RKL continued to demonstrate strong operational growth, driven by sustained premiumisation trend and supportive industry conditions. The P&A category recorded a robust 28.5% y-o-y volume growth (PY: 15.5%), increasing its share of total own IMFL volumes to 45.6% (from 41.4% in the previous year) and contributing ~70.3% of the company's IMFL revenue (PY: 69.4%). While the regular category had seen recovery in FY25, after earlier strategic rationalisation and regional price-led demand softness, volumes grew by 31.0% y-o-y in FY26. On a standalone basis, total IMFL volumes rose to 38.33 million cases in FY26, up by 22.2% y-o-y, supported by robust distribution network, new product launches, and a premium-centric portfolio.

In FY26, IMFL blended sales realisation remained broadly stable at ₹1,182/case translating into a total revenue from operations (net) of ₹6,050.4 crore (against ₹4,851.2 crore in FY25), marking a y-o-y strong growth of 24.7%.

The company continued to benefit from its greenfield grain-based distillery at Sitapur, Uttar Pradesh. Total manufacturing capacity stood at 323.3 million litres including JV capacity, with continued strengthening of long-term extra neutral alcohol (ENA) supplies, quality ENA availability, and reduced dependence on the distillery in Rampur.

In FY26, the raw material scenario remained favourable, and premiumisation with raw material tailwinds supported profitability. In FY26, PBILDT margin improved to 16.88% (PY: 14.21%). Going forward in FY26, CareEdge Ratings expects an improvement in the PBILDT margin by over ~100 bps driven by stabilisation in raw material prices, higher volume contribution from luxury brands, and continued growth of the P&A category.

Strong financial risk profile
The company's capital structure marked by a tangible net worth of ₹3308 crore as on March 31, 2026, remains healthy with an overall gearing of ~0.30x (PY: 0.40x). The net debt to PBILDT and interest coverage ratio also improved to 0.8x (PY: 1.55x) and 15.95x (PY: 9.08x) as on March 31, 2026. With all major projects successfully commissioned within planned timelines and no additional debt-raising envisaged, CareEdge Ratings expects the company's financial position to remain stable and further improve in the medium term.

Strong position in the defence segment
RKL is one of the largest players in the defence market, where its most famous brand is "Contessa" rum. Brands, such as "Rampur Indian Single Malt" and "Jaisalmer Indian Craft Gin" were approved to supply to the canteen store department (CSD) towards FY22-end, and one more brand, "Royal Ranthambore", was introduced in the CSD in Q4FY25, with the company highlighting this as a key milestone in its premium growth strategy. The company continues to have a strong presence in the CSD segment and has market shares of ~15% in whisky and 18% in rum in this space, which RKL has been able to sustain over the years. 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 respective state governments. With all alcohol-consuming states/union territories having their own regulations and entry-exit restrictions, thus providing a competitive advantage to existing players.

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 molasses, a byproduct, in the sugar manufacturing process, or from grains.

In FY26, a notable softening in grain prices was observed, broken rice declined from ₹27,500–28,000 per ton to ~₹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, such as soda ash and improved supply dynamics. Although raw material volatility remains inherent, particularly in ENA sourced from molasses and grain, RKL's backward-integrated distillation capacity offers a degree of insulation, enhancing cost stability, and protecting margins in a fluctuating commodity environment.

The company is also evaluating cost-efficiency initiatives, including ~20% bottle recycling at the RKL level, which could help reduce fresh glass dependence over time.

Regulated industry
The Indian liquor industry is characterised 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. However, unfavourable changes in the liquor policy in Uttar Pradesh or other states, from where the company derives its majority country liquor and IMFL sales, having an impact on RKL's credit profile remains a key monitorable.

Liquidity: Strong
The company's liquidity profile remains strong marked by steady gross cash accruals in the range of ₹600-700 crore, and total cash and cash equivalents amounting to ₹88 crore as on March 31, 2026. Against these, the annual debt repayment obligation in FY27, amounts to ~₹150 crore, which is expected to be met comfortably. There is no major capex planned for the company.

Average utilisation of fund-based working capital limits stood at ~35% for 12 months ended March 2026, providing sufficient liquidity cushion.

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- In FY25, RKL increased sustainability efforts through circular packaging, renewable energy, and water conservation. Recycled glass usage in key brands remained high at 19.8%, while 20% of glass bottles were reclaimed and reused and 13,543 MT of plastic waste was recycled under its EPR programme. The Rampur distillery remained largely energy self-sufficient, with 99% captive power generation, while Sitapur sourced 98% of its power from captive sources, primarily renewable and biofuel-based energy. The company also maintained Zero Liquid Discharge (ZLD) operations and replenished ~300% of groundwater extracted through extensive recharge initiatives.

Social- In FY25, RKL's Bhujal Shakti Project helped improve groundwater conditions in Rampur district through the construction of 299 recharge shafts across 136 ponds and interventions spanning 84 villages. The company's community-development initiatives also supported livelihoods, with 90% of beneficiaries reporting new income opportunities and 68% reporting higher incomes.

Governance- The governance structure is characterised by majority board members being independent directors, the company's board comprising eight members, consists of one executive Chairman, two executive directors (Managing Director and Whole-time Director), and five independent directors, including an independent woman director as on March 31, 2026.

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Beverages	Breweries and 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 RNVD, a 36% JV. The company has a total owned capacity of 321.3 million litres (108 million litres under JV). RKL currently operates 44 bottling units across India, of which five are company-owned and 39 are contract bottling/royalty bottling units, and three printing units and two PET plants. The company commissioned a dual feed plant at Rampur, Uttar Pradesh, and 350 KLPD distillery at Sitapur with which the company has secured its long-term ENA supplies. These facilities have enhanced the company's captive ENA production capabilities, ensuring a reliable supply for its own branded spirits portfolio while also enabling the sale of surplus ENA in the open market, creating an additional revenue stream and reducing procurement dependence. At present, RKL has eight millionaire brands, including 8PM Whisky, Contessa Rum, Old Admiral Brandy, and Magic Moments.

Brief Financials – Consolidated (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	4747.59	6050.43
PBILDT	674.40	1021.48
PAT	345.61	604.48
Overall gearing (times)	0.40	0.30
Interest coverage (times)	9.08	15.95

A: Audited; UA: Unaudited; 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; Positive
Fund-based - LT-Term Loan		-	-	31/03/2027	130.00	CARE AA; Positive
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 2026-2027	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
1	Non-fund-based - ST-BG/LC	ST	60.00	CARE A1+	-	1)CARE A1+ (09-Jul-25)	1)CARE A1+ (18-Jun-24)	1)CARE A1+ (20-Jun-23)
2	Fund-based - LT-Cash Credit	LT	800.00	CARE AA; Positive	-	1)CARE AA; Stable (09-Jul-25)	1)CARE AA; Stable (18-Jun-24)	1)CARE AA-; Positive (20-Jun-23)
3	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	-	1)Withdrawn (20-Jun-23)
4	Fund-based - LT-Term Loan	LT	130.00	CARE AA; Positive	-	1)CARE AA; Stable	1)CARE AA; Stable	1)CARE AA-; Positive (20-Jun-23)

						(09-Jul-25)	(18-Jun-24)	

LT: Long term; ST: 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

To view 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	DYAVOL Spirits B.V (JV, 47.5% equity stake)	Proportionate	Joint Venture
3	DYAVOL Spirits B.V (JV, 47.5% equity stake)	Proportionate	Joint Venture
4	Radico Spiritzs India Private Limited	Full	Wholly owned subsidiary
5	Accomreal Builders Private Limited	Full	Step down subsidiary
6	Compaqt Era Builders Private Limited	Full	Step down subsidiary
7	Destihomz Buildwell Private Limited	Full	Step down subsidiary
8	Equibuild Realtors Private Limited	Full	Step down subsidiary
9	Proprent Era Estates Private Limited	Full	Step down subsidiary
10	Binayah Builders Private Limited	Full	Step down subsidiary
11	Firstcode Reality Private Limited	Full	Step down subsidiary

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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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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