IGL Spirits Limited

November 25, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	100.00	CARE A+; Stable / CARE A1	Assigned
Long-term bank facilities	RBI	600.11	CARE A+; Stable	Assigned
Short-term bank facilities	RBI	350.00	CARE A1	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned a long-term rating of 'CARE A+; Stable' and a short-term rating of 'CARE A1' to bank facilities of IGL Spirits Limited (ISL).

CareEdge Ratings has considered successful implementation of the Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal (NCLT), Allahabad Bench, effective from September 01, 2026, pursuant to which the Potable Spirits and Bio Fuels businesses (collectively referred as PS and bio-fuels segment) were transferred from India Glycols Limited (IGL) to ISL. ISL was subsequently listed on the stock exchanges on November 04, 2026, resulting in a distinct corporate structure for the transferred business.

Ratings derive strength from its experienced promoters and management team, established operating track record, and strong financial risk profile, supported by its diversified product portfolio. The company has diversified presence across potable spirits and bio-fuels, multi feed distilleries, and strategic partnerships with reputed players, such as Bacardi and Amrut Distilleries.

Ratings take comfort from its strong market share in the country liquor segment in Uttar Pradesh and Uttarakhand. Ratings also factor in the significant improvement in the segment's scale of operations and profitability in FY26 and H1FY27, driven by healthy growth in bio-fuel operations, higher revenue from potable spirits, portfolio premiumisation, and improved utilisation of its manufacturing facilities. Completion of the major capital-expenditure programme in FY26 and the consequent availability of sizeable distillation capacities are expected to support future growth without significant incremental capital expenditure expected over the near term.

Ratings further take cognisance of ISL's strong capital structure and debt-coverage indicators, supported by healthy cash accruals, and no major near-term large capex requirements. CareEdge Ratings expects the company's operating performance to strengthen further in FY27 and over the medium term, supported by the proposed scaling up of its Indian-made foreign liquor (IMFL) business, new product launches across price categories, deeper penetration in CSD and paramilitary channels, expansion into additional geographical markets and sustained demand for fuel ethanol under the Government of India's Ethanol Blended Petrol Programme. ISL's (PS and bio-fuels segment, on estimate basis) net debt to PBILDT is envisaged at 2.08x in FY26 and is expected to sustain below 2.0x in the near-to-medium term.

However, the ratings are constrained by the company's exposure to volatility in the prices of key raw materials, particularly grain and molasses, and its limited ability to pass on cost increases owing to government-regulated pricing in the bio-fuel division and the price-sensitive nature of the country liquor market. Ratings are also tempered by the geographical concentration of the potable spirits business in Uttar Pradesh and Uttarakhand, and dependence of the bio-fuel segment on government policies, ethanol procurement prices, feedstock availability and supply allocations from oil marketing companies. Ratings factored in restrictions imposed by the government on syrup/ B-heavy molasses-based ethanol production, reduction in procurement price of maize-based ethanol for ethanol supply year 2026-2027 (ESY27; November 2026 to October 2027) amid rising feedstock prices. Going forward, the ability of the company to achieve the envisaged growth in IMFL volumes and new markets, maintain profitability amid raw material price volatility, generate adequate cash accruals, and reduce debt in line with projections will remain key rating monitorable.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capital structure characterised by net debt to profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 1.00x on a sustained basis.
- Significant growth in operations with revenue of ₹5,000 crore or above while maintaining/enhancing its profitability margins.

Negative factors

- Deterioration in capital structure characterised by net debt to PBILDT above 2.00x on a sustained basis.
- Any adverse regulatory changes having significant impact on the company's credit profile.

Analytical approach: Standalone

Outlook: Stable

'Stable' outlook assigned to long-term rating is based on promoters' long experience in alcohol industry and leadership market position in Uttarakhand and Uttar Pradesh in CL segment. Considering absence of major debt-funded capex, leverage and coverage metrics are expected to remain comfortable over the near-to-medium term.

Detailed description of key rating drivers

Key strengths

Experienced Promoters and Leadership in Core Markets

Led by Mr. U.S. Bhartia and the Bhartia family, the promoters have over two decades of experience in the alcoholic beverages industry. Since commencing operations in 1999, they have transformed the business into an integrated alcohol platform with established brands, large-scale manufacturing capabilities, strategic partnerships with Bacardi and Amrut Distilleries, and a flexible multi-feedstock operating model. Supported by continuous capacity expansions, the company has strengthened its position in the industry and emerged as a leading player in the country.

ISL holds the market leading position in the non-IMFL segment in Uttar Pradesh and Uttarakhand. The company is also among India's top five spirit companies by sales volume, with ~30 million cases sold in FY26. Its leadership in these core markets is supported by extensive distribution and integrated manufacturing capabilities.

The company has also strengthened its premium (IMFL) portfolio through the launch and scale-up of products, such as Amazing Vodka, Amazing Craft Whisky, Single Reserve Whisky, Soulmate Blu, Zumba Lemoni and Zumba Black Rum. Its flavoured vodka and rum portfolio comprises six differentiated offerings targeting over one million cases across three key states, with Amazing and Zumba proposed to be expanded across eight states by the end of FY27. The company has also received CSD approval for the Zumba portfolio and plans to introduce additional products, including a deluxe whisky, premium-and-above vodka offerings, and an exclusive CSD-focused rum brand.

As part of its geographical expansion strategy, the company is set to commence IMFL supplies in West Bengal and Assam from December 1, 2026. The distributor and bottling arrangements for both states have already been finalised, providing a platform for scaling operations in eastern India.

Dual feed capacities supporting overall operational performance with capacity expansion in FY26

ISL has significantly expanded its integrated manufacturing platform, with the company's aggregate annual ethyl alcohol capacity increasing to 379 million litres in FY26, including 136 million litres of dedicated potable-alcohol capacity. The company operates two integrated manufacturing complexes at Kashipur, Uttarakhand, and Gorakhpur, Uttar Pradesh, with biofuel ethanol capacities of 600 KLPD and 500 KLPD, respectively. At the Gorakhpur facility, the grain-based distillery capacity was expanded from 110 KLPD to 290 KLPD, with commercial operations commencing in Q1FY26. Similarly, at the Kashipur facility, the grain-based distillery capacity was expanded from 400 KLPD to 500 KLPD, with operations commencing in Q3FY26.

The company operates a dual-feedstock model, where molasses is primarily used for the production of potable spirits and extra neutral alcohol (ENA), while grain-based alcohol is largely directed towards the biofuels segment. This flexibility enables the company to optimise its product mix based on demand and realisations, while also supporting better capacity utilisation, sourcing resilience and operating efficiency. The enlarged manufacturing platform provides adequate headroom for future growth with limited major incremental capital expenditure. The ability to process both grain and molasses mitigates raw material supply risks, particularly in periods of tight molasses availability.

In FY26, ISL (PS and bio-fuels segment, on estimate basis) achieved a TOI of ₹2,801 crore (PY: ₹2,207 crore) with PBILDT and PBILDT margins of ₹490 crore (PY: ₹347 crore) and 17.4% (PY: 15.7%), respectively. During H1FY27, the company reported TOI of ₹1389.3 crore with PBILDT of ₹244.7 crore (margins of 17.6%). Supported by its diversified revenue stream, CareEdge Ratings expects the company to achieve a revenue growth of 5-7% and PBILDT of around ₹550 crore in the FY27.

Comfortable capital structure and debt coverage indicators supported by equity infusion

The erstwhile consolidated group (IGL before demerger) completed a sizeable capital-expenditure programme of ~₹830 crore. Of the total expenditure, ~₹400 crore related to the capitalisation of the grain-based distilleries at Kashipur and Gorakhpur, while the balance of ~₹430 crore was deployed towards smaller projects, including efficiency improvements and investments in chemical pilot plants, performance chemicals, and Ennature Biopharma's manufacturing capabilities and clinical studies. Most of these projects were substantially completed in FY26.

The IGL before demerger raised ₹467 crore of equity in November 2025, utilised towards debt reduction and capex requirements. Consequently, the erstwhile group's overall gearing improved to 0.69x as of March 31, 2026, from 0.94x a year earlier, while PBILDT interest coverage improved to 3.84x from 2.96x and net debt to PBILDT improved to 3.05x from 4.17x.

Following the demerger, IGL Spirits Limited has been vested with the potable spirits and bio-fuels businesses, which were major contributors to the erstwhile group's profitability. As of March 31, 2026, its total debt stood at ~₹1,028 crore, comprising ₹681 crore of term loans, ₹62 crore of term deposits, ₹122 crore of working capital borrowings, ₹82 crore of acceptances and ₹81 crore of lease liabilities, while net worth was ~₹1,250 crore. Accordingly, overall gearing and net leverage/PBILDT stood at ~0.9x (PY: 1.92x) and 2.08x (PY: 3.08x), respectively.

Going forward, supported by scheduled term-debt repayments, improved cash generation and limited major incremental capex requirements, net debt to PBILDT is expected to is expected to sustain below 2.0x in the near-to-medium term.

Key weaknesses

Input price volatility and limited pricing flexibility

ISL's profitability remains exposed to fluctuations in the prices of key raw materials, particularly grain and molasses, and glass bottles, packaging materials, fuel and other consumables. The company's ability to fully pass on increases in input costs may be constrained by state-administered pricing mechanisms, regulatory approvals, competitive intensity and the price-sensitive nature of the Country Liquor segment. Consequently, a sharp or sustained rise in input costs, without a commensurate increase in selling prices, could exert pressure on operating margins. The company's integrated manufacturing operations, flexibility to use grain and molasses as feedstock, diversified presence across Country Liquor, IMFL and biofuel ethanol, and focus on improving product mix and operating efficiencies provide some mitigation against these risks.

Highly regulated nature of the alcohol industry

The Indian liquor industry is characterised by high entry barriers due to stringent state-level regulations governing the production, distribution and sale of alcohol. Each alcohol-consuming state and Union Territory has its own licensing requirements, pricing controls and distribution policies, making market entry difficult for new players. This provides an advantage to established companies, such as ISL, which benefits from its existing licences, established distribution network and familiarity with the regulatory framework. However, any unfavourable change in the liquor policy of Uttar Pradesh or other key operating states, particularly given the company's significant exposure to country liquor and IMFL sales in Uttar Pradesh, could affect its operating performance and credit profile and, therefore, remains a key monitorable.

Liquidity: Adequate

ISL's liquidity is adequate, which is marked by health GCA generation expectations of ₹400-500 crore in the next 2-3 years against scheduled repayments of ~₹165 crore in FY27 and ~₹171 crore in FY28. Total planned capex for FY27-FY29 is in the range of ₹30-50 crore per year and surplus accruals after capex and dividends are being utilised to prepay the debt to lower the interest outgo. The Spirits division has modest free cash and cash equivalents of ~₹9 crore as on March 31, 2026. ISL (segment basis) has fund-based limits of 6. ISL (segment basis) has fund-based limits of ₹100 crore and non-fund-based limits of ₹350 crore, out of which ₹114 was outstanding as working capital borrowings (including vendor financing) as on September 2026.

Assumptions/Covenants

Not applicable

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.

Key ESG initiatives of ISL are as follows:
Environmental risk: ISL derives a significant portion of its revenues from ethanol supplied under the Ethanol Blending Programme, supporting reduction in fossil fuel consumption and emissions. However, distillery operations remain water- and energy-intensive and are subject to environmental compliance requirements.

Social risk: The company undertakes CSR initiatives focused on healthcare, education, skill development and community welfare in areas surrounding its manufacturing facilities. Social risk remains inherent due to the nature of the alcoholic beverages business and its impact on public health.

Governance risk: The company has complied with statutory conditions of corporate governance as required. Over 50% composition of the Board of Directors is constituted by independent directors including one female director as on September 30, 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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Beverages	Breweries & distilleries

Incorporated in November 2024, ISL is engaged in the manufacturing and sale of ethanol (biofuel), ENA, IMFL, and Country Liquor (CL), supported by an integrated grain-based distillery and bottling infrastructure, pursuant to the demerger of the spirits business from India Glycols Limited, effective from September 01, 2026 and with appointment date of April 01, 2026.

ISL markets its products under several established liquor brands, including Goldee Masaledar, Goldee Blue, Race 999, London Pride, Silver Oak, and Joker, while also undertaking contract manufacturing for leading players, such as Bacardi and Amrut Distilleries for manufacturing and marketing select brands in North India. The company derives revenue from both the potable alcohol segment and ethanol supplies under the government's ethanol blending programme.

Brief Financials (₹ crore)- Standalone	March 31, 2025 (A)**	March 31, 2026 (A)	H1FY27 (UA)
Total operating income	0.00	0.00	1389.3
PBILDT*	0.00	0.00	244.7
Profit after tax (PAT)	0.00	0.00	120.7
Overall gearing (x)	0.00	0.00	-
Interest coverage (x)	0.00	0.00	8.5

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax
**Company incorporated in November 2024

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Term Loan	RBI	Not applicable	-		-	07-10-2031	600.11	CARE A+; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Not applicable	-		-	-	100.00	CARE A+; Stable / CARE A1
Non-fund-based - ST-BG/LC	RBI	Not applicable	-		-	-	350.00	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	350.00	CARE A1				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	100.00	CARE A+; Stable / CARE A1				
3	Fund-based - LT-Term Loan	LT	600.11	CARE A+; Stable				

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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Not applicable

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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