November 11, 2025

Mohan Meakin Limited: Ratings upgraded to [ICRA]A+ (Stable)/[ICRA]A1+ from [ICRA]A (Stable)/ [ICRA]A1

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based – Cash Credit	65.00	65.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Short-term – non-fund based – Others	10.00	10.00	[ICRA]A1+; upgraded from [ICRA]A1
Total	**75.00**	**75.00**	

**Instrument details are provided in Annexure-I*

Rationale

The upgrade in the ratings of Mohan Meakin Limited (MML/the company) factors in the sustained increase in the scale of operations of the company in FY2025 and Q1 FY2026, and the continued expansion of its operating margins. It also reflects ICRA's expectation that the company's strong performance will sustain going forward. In addition to the sustained improvement in its operational performance, led by volume growth and moderate realisation growth, the company's efforts to further diversify its product portfolio are anticipated to support its performance. ICRA expects MML's debt metrics to remain strong, characterised by a debt-free capital structure and robust liquidity position. The ratings continue to factor in MML's long track record, established presence in the Indian made foreign liquor (IMFL) segment, and the strong brand reputation of its flagship product, Old Monk.

MML's revenue growth stood at 9.4% in FY2025, primarily supported by volume growth, price/mix benefits, and premiumisation efforts. Further, the company witnessed robust revenue growth of 16% in Q1 FY2026. The operating profit margin (OPM) of the company improved to 8.4% in FY2025, as against 7.8% in FY2024, primarily due to stable input costs and improved operational efficiency. Further, price revisions received by the company from several state governments and the Canteen Stores Department (CSD), along with efforts towards premiumisation, led to improved realisations and margin expansion in FY2025.

ICRA notes that while MML's operating margins have improved over the years, they continue to remain moderate. Also, a portion of the company's sales is conducted through trading with a Group company, which moderates its margins to some extent. Further, the company is exposed to volatility in the prices of raw materials, which are heightened by its reliance on external parties for the purchase of spirits (Extra Neutral Alcohol or ENA). While the company receives periodic price revisions from state governments, the same happens with a lag and often to a limited extent, resulting in limited price flexibility. The ratings also consider the high regulatory risk inherent in the liquor industry owing to high taxes, stringent Government controls and regulations, and limited pricing power. Also, MML's dependence on a single brand, Old Monk, in the dark rum segment continues to remain high. However, ICRA notes the company's efforts to diversify its product portfolio through several launches within the rum segment as well as other variants such as whiskey, vodka and gin. Nevertheless, any material traction in revenue contribution from variants other than rum is yet to be seen.

The Stable outlook on the rating reflects ICRA's expectation that MML will likely sustain its operating metrics even as its product concentration continues to remain high. Further, the outlook underlines ICRA's expectation that MML's incremental capex, if any, to further expand capacity, will be funded in a manner that enables it to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Experienced management and long operating track record – MML is an established company with a track record of over 150 years in the liquor manufacturing industry. The company operates through its own and franchisee manufacturing networks. The Mohan family took over the company's operations in 1949 and MML has remained a well-known player in the Indian liquor industry ever since. Mr. Hemant Mohan, from the family's third generation, has been at the helm of affairs in recent years.

Reputed brand and established market position in the dark rum segment – MML enjoys strong brand recognition and an established position because of its Old Monk brand in the domestic IMFL market. The company has an established pan-India presence and generated around 16% of its total volumes from exports in FY2025, which was slightly lower than the 18% recorded in FY2024. The healthy brand reputation of Old Monk continues to drive robust growth (both in value and volume terms) across its own and franchisee networks.

Healthy financial risk profile, supported by sustained revenue growth – A sizeable portion of MML's volumes comes from franchisees, from which it receives only royalty income. Therefore, the top line of the company does not fully reflect its actual scale. Despite the same, the company managed to grow its revenues significantly in FY2025, with MML's operating income (OI) increasing by 9.4% to Rs. 1,607.1 crore, supported by volume growth, price/mix benefits, and premiumisation within the IMFL segment. Further, the company witnessed robust revenue growth of 16% in Q1 FY2026. The continued growth in the company's volumes and revenues is mainly supported by strong demand in the domestic dark rum segment. Additionally, recent launches in whiskey, gin, and vodka segments are also contributing to the overall volume growth. The company's operating margins improved to 8.4% in FY2025 as against 7.8% in FY2024 primarily due to stable input costs and operational efficiency. Further, price revisions received by the company from several State Excise Departments and the Canteen Stores Department (CSD), along with premiumisation efforts, led to improved realisations and margin expansion. MML's debt metrics are expected to remain strong, characterised by a debt-free capital structure and healthy liquidity position. As of March 31, 2025, MML maintained a robust capital structure with nil debt and a strong liquidity profile. The coverage indicators remained strong, with an interest coverage of 183 times and TOL/TNW of 0.4 times. ICRA notes that MML is in the process of setting up a distillery, which is currently in the land acquisition stage. The total project cost is expected to be around Rs. 100-115 crore and is likely to be funded through internal accruals.

Credit challenges

Moderate operating margins – Albeit improving, MML's operating margins continue to remain moderate. This is largely on account of Old Monk, its key revenue contributor, which is priced lower than other players operating in the premium segment. Further, the company's ability to increase franchisee fees or royalty income also determines its margin profile. Nevertheless, ICRA notes that various measures taken by the management, such as replacing ageing machinery and active management of bottlers/franchisee arrangements, have been successful in improving its operational efficiency in the recent years.

High product concentration – MML's product portfolio remains concentrated towards the rum segment. In volume terms, rum accounted for around 91% of the total IMFL cases sold by MML in FY2025. However, it has been diversifying its portfolio by introducing brands in other product categories over the last few years. The company has added several premium brands in its gin, vodka and whiskey segments in the current as well as the previous fiscal. That said, sustained ramp-up in revenues from these products remains to be seen.

Profitability vulnerable to fluctuations in raw material prices – Given the industry structure, wherein the pricing is regulated by the state governments, industry players do not have the flexibility to pass on the increase in raw material costs to customers immediately. This makes the company's operating margins vulnerable to raw material price fluctuations, particularly ENA. In this context, MML's margin trajectory amid volatile input costs will remain a key monitorable. Nevertheless, ICRA notes the improvement in MML's margins in FY2025, primarily due to stable input costs and some benefit from relatively faster growth in premium products.

Exposure to regulatory changes and intense competition – The liquor industry is highly regulated, with state governments controlling sales and distribution, making companies susceptible to changes in Government policies. The Government levies various duties such as excise duty, sales tax, licence fees, state-level import and export duties, bottling fees, and surcharges, which vary from state to state. Any change in these Government policies may impact the liquor industry and, subsequently, MML. Further, there is a ban on all forms of direct and indirect advertising for liquor in the country, leading market players resorting to surrogate advertising. Also, the organised alcohol industry is characterised by intense competition, given the presence of large players. While this could restrict the company's growth to an extent, MML's established brands are a positive factor and help it partially mitigate competition-related risks in these sub-segments.

Environmental and Social Risks

Environmental considerations: Environmental risks for players in the alco-beverage industry primarily arise from the handling and discharge of hazardous and pollutant waste generated during production processes. Additionally, the industry is vulnerable to the impacts of climate change, particularly in relation to agricultural inputs such as grains. Fluctuations in crop yields due to changing weather patterns, water scarcity, and extreme climate events can disrupt the supply and pricing of raw materials, posing significant operational risk.

Social considerations: MML is exposed to social risks, including shifts in consumer tastes that can accompany changing demographics, as well as to evolving regulatory and societal attitude towards alcoholic products, which can affect demand for its products. Further, MML faces moderate dependence on human capital. Retaining human capital, maintaining healthy relationships with employees and a safe work environment remain essential for disruption-free operations.

Liquidity position: Strong

MML's liquidity position is strong, backed by positive fund flows from operations (FFO), nil repayment obligations, and healthy unencumbered cash and liquid balances. As on June 30, 2025, the company had Rs. 266.5 crore of free cash and cash equivalents, which was further supported by undrawn working capital limits of Rs. 65 crore, utilisation of which remained nil during the 12 months ending August 2025.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates any significant improvement in its revenues and profitability, while maintaining healthy debt coverage indicators and liquidity profile.

Negative factors – Pressure on MML's ratings could arise if there is any substantial decline in revenues and/or the operating margins, resulting in subdued cash accruals or increased leverage on a sustained basis. Any adverse regulatory action impacting the company's credit profile could also lead to a downward rating action. Further, TD/OPBDITA higher than 1.5 times on a sustained basis may also result in ratings downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the entity.

About the company

Mohan Meakin Limited (MML) was set up in 1855 by Mr. Edward Dyer, who established the entity as the first brewery in India. In 1949, Late Narendra N. Mohan took over its operations and as on March 31, 2025, the Mohan family owned the majority stake in the company. MML owns popular brands such as Old Monk in the rum segment, as well as Meakin 10000, Asia 72, and Golden Eagle in the beer segment. It has two manufacturing facilities for beer, spirits and food products (mainly grain flakes) at Mohan Nagar, Uttar Pradesh, and at Kasauli/Solan in Himachal Pradesh. In addition, it has bottling plants at Mohangram (Punjab) and Solan.

Key financial indicators (audited)

MML	FY2024	FY2025
Operating income	1,469.4	1,607.1
PAT	84.7	102.6
OPBDITA/OI	7.8%	8.4%
PAT/OI	5.8%	6.4%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDITA (times)	0.0	0.0
Interest coverage (times)	145.0	183.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore, PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	November 11, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long Term	65.00	[ICRA]A+ (Stable)	24-Sep-2024	[ICRA]A (Stable)	07-Jul-2023	[ICRA]A (Stable)	02-Nov-2022	[ICRA]A- (Positive)
Non-fund Based - others	Short Term	10.00	[ICRA]A1+	24-Sep-2024	[ICRA]A1	07-Jul-2023	[ICRA]A1	02-Nov-2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based/ Cash Credit	Simple
Short-term/ Non-fund Based Limits	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Cash credit**	NA	NA	NA	65.00	[ICRA]A+ (Stable)
NA	**Non-fund Based Limits**	NA	NA	NA	10.00	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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