Blossom Industries Limited
April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	47.47 (Reduced from 74.98)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	2.00	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Blossom Industries Limited (BIL) continues to derive strength from its experienced promoters in the alcohol industry, established manufacturing facilities with a captive power plant, and long-standing contract manufacturing arrangement with United Breweries Limited (UBL). Ratings also continue to derive strength from the group's increasing scale of operations with healthy profit margins, comfortable leverage and debt coverage indicators, favourable outlook for alcoholic beverages in India, and the group's adequate liquidity.

However, ratings are constrained considering the group's risk associated with timely renewal of off-take agreements, and its presence in a highly regulated liquor industry characterised by heavy duties and taxes, and stringent government controls, exposing it to probable adverse regulatory changes. Ratings are also constrained due to BIL's significant exposure in the form of loans and advances to unrelated party.

CARE Ratings Limited (CareEdge Ratings) has withdrawn ratings assigned to some of the lenders against long-term bank facilities with immediate effect at the request of BIL and 'No Dues Certificate' received from the lender, who extended facilities rated by CareEdge Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in group's scale of operations while maintaining its existing profitability on a sustained basis.
- Improvement in capital structure of the group marked by adjusted overall gearing (adjusted for exposure to loans to unrelated party) reaching below unity level on a sustained basis.

Negative factors

- Major adverse changes in contract terms with UBL or termination of agreement with UBL, impacting group's financial risk profile.
- Significant decline in group's total operating income (TOI) below ₹300 crore or profitability with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 12% on a sustained basis.
- Deterioration in the debt coverage indicators with total debt/PBILDT exceeding 2.5x on a sustained basis.
- Significant elongation of working capital cycle/non-realisation or further extension of loans & advances to unrelated party impacting the liquidity position of the group.

Analytical approach: Combined

For arriving at ratings of BIL, CareEdge Ratings has taken a combined view of BIL and its trading arm K.H. Khemani and Sons (KHK), as these entities are managed by common promoters with financial and operational linkages (KHK is an authorised distributor of beer for UBL, catering to the Daman & Diu and Silvassa market). Both entities together referred to as the Blossom Group. Entities combined are listed under Annexure-6.

Outlook: Stable

The 'stable' factors in sustained growth in scale of operations with stable profitability margins. CareEdge Ratings expects the group will continue to maintain comfortable financial risk profile in the near-to-medium term.

[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

Experienced promoter group and established presence in the industry

The Blossom group is promoted by the Khemani Family, including Amit Khemani, the Managing Director, possessing vast industrial experience for over two decades in the liquor manufacturing industry. Nihar Jambusaria is the company's chairman. The group's promoters are well-assisted by Vincent Vaz, who serves as the group Chief Financial Officer (CFO) and has an experienced second line of management. The group is supported by technically qualified second-tier personnel who look after the group's day-to-day operations.

Long track record having established manufacturing facilities

BIL has over two decades of operational track record in manufacturing beer at its brewery facility at Daman (UT) with latest technology and machineries, which enabled the company to cater to growing demands of Indian and overseas markets. It is equipped with fully automatic mash filter, automated system to control temperature, and clean-in-place (CIP) cycles in fermentation and lagering process. The deaeration plant is brought in from Hypro (the Netherlands) where BIL uses deaerated water across process applications to ensure that dissolved oxygen level in the beer remains low, reducing oxidation of beer. BIL has two types of packaging lines, bottle line and can line. The bottling line has capacity to produce six lakh cases per month, whereas the can line has the capacity to produce six lakh cases per month. BIL has an effluent treatment plant (ETP) with an installed capacity of 1,250 kilo litre per day (KLPD), which lowers the risk associated with environment. Capacity utilisation stood at ~69% in FY25 compared to ~58% in FY24.

Sales arrangements in form of contract manufacturing with UBL and other brands

BIL entered license agreement for manufacture and sale of beer with UBL for its brands since 2000. Currently, BIL registered label of beers for UBL and its own brand of beer with Commissioner of Excise, to manufacture and sell them. Contract has been extended till March 2027. BIL procures raw materials and packing materials (of such quality and quantity specified by brand owners) from suppliers as specified by UBL and per terms finalised by UBL with them. BIL produces beer per the formulae, process, methods and standards of quality as prescribed by UBL, for which technical experts remain present in manufacturing beer. BIL sells beer to customers as specified by UBL at a prescribed price and risk of collection from customers lies with UBL. The agreement entered with UBL remains valid for 2-3 years, which get renewed annually to revise conversion rates. Earlier agreement with UBL is valid till March 2026 for volume commitment of off-take of 90.00 lakh cases from January 2025 to December 2025, which further increased 110 lakh cases for 2026 per the latest agreement. In December 2019, BIL launched new brand, 'TAG', and started its production and sales from FY20 onwards. In FY22, BIL commenced production of non-alcoholic beverages. In FY24, an agreement was made between BIL, The Coca Cola Company (TCCC) and Schweppes Holding Limited (SHL) for alcoholic ready to drink (ARTD) products. There was also an agreement between BIL and Pernod Ricard India Private Limited (PRIPL) for non-alcoholic beverages (NAB) products and Ocean for energy drinks.

Healthy profit margins

PBILDT margin slightly moderated to 16.16% in FY25 compared to 17.25% in FY24. This decrease was due to increased brand owners profit led by higher realisations. Absolute PBILDT increased from ₹59.00 crore in FY24 to ₹67.84 crore in FY25. Similarly, profit after tax (PAT) margin also moderated to 8.27% in FY25, compared to 10.16% in FY24 in line with PBILDT margins. Profitability margins have further moderated in 9MFY26 as marked by PBILDT margin stood at 11.04% due to increase in brand owner's profit, employee benefit expenses, due to remuneration paid to partners from partnership firm. PAT margin slightly moderated to 7.09% in 9MFY26. Partners reinvested remuneration in the form of capital, improving tangible net worth position. The company expects its revenue to increase in the near-to-medium term considering additional tie up with new customers and increase in the off-take from UBL and profitability is expected to remain on a similar level.

Comfortable capital structure and debt coverage indicators

The Blossom group's overall gearing slightly moderated though remained comfortable at 0.66x as on March 31, 2025, compared to 0.40x as on March 31, 2024, due to higher utilisation of its working capital limits as on balance sheet date. However, the adjusted overall gearing (after adjusting exposure to unrelated party) moderated to 3.67x as on March 31, 2025, compared to 1.66x as on March 31, 2024. This deterioration was majorly due to higher withdrawals in the partnership firm. However, this improved to 1.14x as on December 31, 2025, with reduction in total debt due to scheduled repayment of term loans, lower utilisation of working capital facilities and increased net worth position due to healthy accruals of profits.

Debt coverage indicators moderated but remained comfortable marked by total debt to gross cash accruals (TD/GCA) of 1.95x in FY25 (PY: 1.31x), while the interest coverage stood at to 7.71x in FY25 compared to 10.43x in FY24. Interest coverage stood at

8.33x in 9MFY26. With healthy accruals of profits to reserve and no major debt funded capex planned in the near-to-medium term, debt coverage indicators are expected to improve.

Geographically diversified sales territory
BIL has geographically diversified its revenue profile with domestic sales contributing ~70% and export sales contributing ~30% in FY25. In domestic market, it majorly caters Daman, Diu, and Silvassa market. Despite export sales, BIL is not exposed to the forex fluctuation risk, as it undertakes exports on behalf of brand owners and collects revenue from them in Indian currency (at fixed rates per agreement).

Stable prospects for alcoholic beverage market in India
India is the tenth largest alcoholic beverage's producers and third largest liquor market in the world. Key demand drivers of the industry have been growing disposable income, favourable demographics in the country, changing lifestyle and societal norms with increasing acceptability of alcohol on social occasions, urbanisation and increasing number of pubs and bars in the country. The group established position to supplies of liquor in Daman, Diu and Silvassa and with no concrete decision to ban alcohol in the UT, it is well-positioned to cater growing consumer demand in the UT.

Key weaknesses

Moderate scale of operations
The Blossom group's overall scale of operations stood moderate marked by TOI in the range of ₹243.95 crore to ₹419.77 crore from FY21-FY25. TOI increased to ₹419.77 crore in FY25 compared to ₹341.93 crore in FY24 due to improving realisations supported by increase in volumes sold in the year. The group achieved a TOI of ₹417.24 in 9MFY26 supported by increase in the off-take from UBL per revision in agreements, which expects revenue growth in the near-to-medium term.

Highly regulated business with high duties and taxes despite high entry barriers benefitting incumbents
The liquor industry is highly regulated in India with each state government formulating its own policy for production, distribution, retailing and duty structure independently. As a result, there are difficulties in transfer of production across states, and huge burden of duties and taxes. The organised alcohol industry is dominated by few large players. High taxation and heavy regulation also make the industry dynamics complex. Government levies duties such as excise duty, sales tax, license fee, state level import and export duty, bottling fee, welfare levy, assessment fee, franchise fee, turnover tax, and surcharge among others, which varies across states. There is a ban on all forms of direct and indirect advertising for liquor in the country, leading to market players resorting to surrogate advertising. Complexity of the industry further lies in different types of distribution models followed in states such as government-controlled agencies, private distribution system, and auction. Regulations at state levels are prone to frequent changes and are sudden and uncertain. Direction or timing of regulatory changes being difficult to predict, industry is vulnerable to such unanticipated changes. In the recent past, few state governments have also banned sale of liquor, including Bihar government in September 2016. The government has been running anti-alcohol campaigns to increase social awareness among people on hazards of consumption of alcohol and also increased duty on alcohol to refrain people from consuming it. Thus, given the strategic role of state government in the liquor industry, the company remains exposed to risks associated with regulatory changes. Liquor policies governing production and sale are entirely controlled by respective State Governments. With all alcohol-consuming States/UT having its own rules and regulations, it is difficult for new entrants to get licenses, providing a competitive edge to existing players. However, states have been reasonably flexible in granting expansion of existing capacity to meet demands. This acts in favour of incumbents, as new players find it difficult to start.

Large-size exposure in form of loans and advances to unrelated party
BIL extended loans and advances of ₹112.90 crore to Shree Naman Developers Private Limited, a real estate developer based out of Mumbai. As on March 31, 2025, the outstanding amount including accrued interest stood at ₹129.77 crore (₹124.99 crore as on March 31, 2024). Outstanding exposure stood at ₹142.31 crore as December 31, 2025, considering accrued interest. BIL extended these loans by liquidating its fixed deposits, mutual funds investment and balance through internal accruals generated in FY20. Considering the given exposure is significant against the net worth base of the Blossom group (82% of tangible net worth [TNW] of the group as on March 31, 2025), their recoverability remains key credit monitorable.

Liquidity: Adequate

The Blossom group's liquidity remained adequate marked by sufficient cash accruals against repayment obligations of ₹26.31 crore in FY26 and ₹6.35 crore in FY27. Average maximum utilisation of fund-based working capital limit stood at ~43% for 12 months ending December 2025. The group also has free cash and bank balance of ₹4.71 crore as on March 31, 2025 (compared to ₹2.88 crore as on March 31, 2024), apart from lien marked fixed deposits (FDs) of ₹2.65 crore. The group's operating cycle deteriorated but stood comfortable at 48 days in FY25, compared to 30 days in FY24 due to increase in average collection period from 22 days in FY24 to 40 days in FY25. The current ratio and quick ratio remained moderate at 1.50x and 1.18x respectively as on March 31, 2025 (compared to 2.19x and 1.73x respectively as on March 31, 2024). The cash flow from operations stood positive at ₹23.89 crore in FY25, compared to positive of ₹25.36 crore in FY24.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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
Withdrawal Policy
Consolidation & Combined Approach

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

BIL is a Daman (UT) based closely held public limited company, which was acquired by the Khemani family in 2000. BIL was originally incorporated in 1989 as Blossom Breweries Private Limited. Currently, BIL is part of the Khemani group formed in 1983. BIL is engaged in manufacturing beer at its brewery facility at Daman with an installed capacity of ~130 lakh cases per annum (10 lakh hectolitres [HL]). In 2000, BIL entered license agreement for manufacturing and selling beer with UBL. In FY23, the company entered license agreement for packers' agreement of ARTD with TCCC and SHL. The sale and distribution network of BIL is backed by the group's own trading firm, KHK, which is an authorised distributor of beer for UBL, catering to Daman & Diu and Silvassa market.

Brief Financials - Combined

Particular	March 31, 2024 (UA)	March 31, 2025 (UA)	December 31, 2025 (UA)
Total operating income	341.93	419.77	417.24
PBILDT	59.00	67.84	46.08
PAT	34.73	34.73	29.58
Overall gearing (times)	0.40	0.66	0.34
Interest coverage (times)	10.44	7.71	8.33

UA: Unaudited; Note: 'these are latest financial results available'

Brief Financials - Standalone

Particular	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	305.17	381.80	393.69
PBILDT	23.13	30.98	38.50
PAT	24.64	26.92	28.89
Overall gearing (times)	0.29	0.24	0.17
Interest coverage (times)	4.17	5.43	9.04

A: Audited UA: Unaudited; Note: 'these are latest financial results available'

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		-	-	-	30.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	August 2028	17.47	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2.00	CARE BBB-; Stable / CARE A3

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	17.47	CARE BBB-; Stable	1)CARE BBB-; Stable (02-Apr-25)	-	1)CARE BBB-; Stable (29-Mar-24)	1)CARE BBB-; Stable (31-Jan-23)
2	Fund-based - LT-Cash Credit	LT	30.00	CARE BBB-; Stable	1)CARE BBB-; Stable (02-Apr-25)	-	1)CARE BBB-; Stable (29-Mar-24)	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	2.00	CARE BBB-; Stable / CARE A3	1)CARE BBB-; Stable / CARE A3 (02-Apr-25)	-	1)CARE BBB-; Stable / CARE A3 (29-Mar-24)	-

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	Non-fund-based - LT/ ST-Bank Guarantee	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	K.H. Khemani & Sons	Full	Operational and financial linkages

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:
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