# Khoday India Limited

September 04, 2026

| Facilities/Instruments | Name of the Regulator[1] | Amount (₹ crore) | Rating[2] | Rating Action |
|---|---|---|---|---|
| Long Term Bank Facilities | RBI | 30.00 | CARE B+; Stable | Assigned |
| Long Term Bank Facilities | RBI | 25.00<br>(Enhanced from 15.00) | CARE B+; Stable | Reaffirmed |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Reaffirmation of rating assigned to bank facilities of Khoday India Limited (KIL) continues to factor in its modest scale of operations in a highly competitive liquor manufacturing industry resulting in low profitability. Further, the spirit sales declined significantly in FY26 resulting in company incurring PBDIT level losses. The rating also takes into account long operating cycle and its presence in highly regulated environment. The rating, however, positively factors in continuous promoter's support in form of timely fund infusion, well-established presence of the company, and their century long experience in diverse business operations.

CARE Ratings Limited (CareEdge Ratings) also takes note of ongoing impending matter of delisting of shares of the company. As per its annual report, KIL, during FY14, had passed a special resolution approving the reduction of paid-up capital of the company held by public shareholders which was confirmed by Hon'ble High Court of Karnataka. Further, Ministry of Corporate Affairs (MCA) have also been updated. An application filed by Securities Exchange Board of India (SEBI) for impleadment in the proceedings and recalling the order of reduction of capital was rejected by Hon'ble High Court of Karnataka. SEBI has filed an appeal before the divisional bench and the matter is pending. The Company has made multiple attempts to implement the court's order by fixing the record date for the purpose of drawing up the list of Public shareholders entitled to payment in respect of the shares so cancelled, but the same has neither been acted upon or not taken by BSE Limited. Hon'ble High Court of Karnataka, based upon the application filed by KIL, directed BSE Limited on February 7, 2020, to fix a record date as fixed by the company. In light of this order, KIL wrote to BSE Limited on February 18, 2020 informing that a fresh record date has been fixed on February 28, 2020. However, it was noted by KIL that BSE Limited had not taken the specified date on record since it is still awaiting directions from SEBI in this matter. Consequently, KIL filed an application of contempt with Hon'ble High Court of Karnataka against BSE Limited. BSE Limited has also appealed against the order dated February 7, 2020 before the High Court. Both the matters are currently pending before the Hon'ble High Court of Karnataka. In view of the above facts and legal advice taken by KIL, the company is treating itself as an unlisted entity. Consequently, KIL has ceased its compliance, periodical disclosure and reporting requirement under SEBI LODR Regulations, 2015, as intimated to BSE vide letter dated June 8, 2018. However CareEdge Ratings note that company is still appearing as listed on BSE website with its trading suspended as it is non-compliant with Structural Digital database. CareEdge Ratings would continue to monitor the developments in this regard.

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

**Positive factors**

- Scale of operations of distillery division above Rs. 130 crores along with ICR improving to above 2x.

**Negative factors**

- Lower than envisaged support from promoters in timely manner.

**Analytical approach:** Standalone

**Outlook:** Stable

CARE Ratings Limited (CareEdge Ratings') believes that KIL will continue to sustain its performance aided by its long presence in Southern India region and will continue to benefit from long-standing experience of its promoters.

[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.

## Detailed description of key rating drivers:

### Key weaknesses

**Loss reported in FY26**

The company's net revenue declined to Rs. 81.99 crore in FY26 from Rs. 105.79 crore in FY25, despite a 45% increase in IML sales to Rs. 161.79 crore in FY26 from Rs. 111.42 crore in FY25, primarily due to a significant increase in excise duty and a sharp 91% decline in sales of spirits and flavouring materials to Rs. 4.20 crore in FY26 from Rs. 44.47 crore in FY25.
Company has incurred operating loss of Rs.13.94 crore during FY26 as against operating profit of Rs. 9.03 crore during FY25 owing to higher raw material and overhead cost. Subsequently, with moderated interest and depreciation expenses coupled with extra ordinary expense of Rs.3.14 crore, company has reported net loss of Rs.20.39 crore during FY26 as against net profit of Rs.4.58 crore during FY25. The management has taken measures like increasing spirit sales and focussing on high margin premium liquor business to improve profitability.

**Exposed to regulatory risk**

The industry is vulnerable to the norms and regulations imposed by the government. The industry is tightly governed by state government which holds the power to control sales and distribution. Ban on all forms of direct and indirect advertising for liquor in the country makes difficult for a company to advertise their products in the market and thus affects sales of the company. Further Government levies various duties like excise duty, sales tax, license fee, Counter veiling Duty etc. which varies from state to state, fluctuation in the same impacts the profitability margins of the company.

**Competitive nature of the industry**

The domestic Indian made foreign liquor (IMFL) industry is characterised by intense competition, presence of large players with well established brands and distribution network impacts the sales of the company. Further, the organized alcohol industry is dominated by very few large players. Further, high taxation and heavy regulation also make the industry dynamics complex. The regulations at state levels are prone to unanticipated changes which exposes the industry to such regulatory risk. Consequently, it is very difficult for a new entrant to operate in such a regulated environment which provides a competitive advantage to the existing players.

**Long working capital cycle**

Given nature of business, company has to keep inventory for maturation which varies from 3 years to 8 years because of which the working capital cycle of the company remains elongated. Working capital cycle of the company elongated to 458 days in FY26 from 450 days in FY25 majorly due to increase in inventory days from 401 days in FY25 to 406 days in FY26 reason being company started producing premium liquors which requires higher maturation period of 90-120 days as against 15-20 days for non-premium liquors. The average working capital utilisation during the 7 months ended June 30, 2026, remains at 77%.

### Key strengths

**Diverse product range with pan India presence**

The company has an extensive operational track record and an established presence in the domestic IMFL market through its flagship brand, Khoday XXX rum. KIL's portfolio includes other established brands like Peter Scot Whiskey, Red Knight Whiskey, Khodays XXX Rum, Hercules XXX Rum, Hercules XXX White Rum, Hercules Beer, Constantino Brandy and Honeywell Brandy. The company has diverse distribution network and has a strong presence in the southern region. Approximately 65% of the company's total sales are generated from Southern India, with Karnataka alone contributing 63% of total sales in FY26, up from 55% in FY25.

**Steady support in the form of unsecured loans from promoters**

The Khoday group was founded by Khoday Eshwarsa in 1906 and was inherited by his sons. The promoters have infused Rs. 238.52 crore in the form of unsecured loans till March 31, 2026, to fund KIL's repayment obligations. These loans have no interest or scheduled repayment obligations and are subordinated to the external debt. In addition to continuing to support company's liquidity and cash flow needs, the promoters also hold substantial land parcels either in personal capacity or through group entities which can be liquidated to support KILs' operations.

### **Liquidity**: Stretched

Liquidity of the company is stretched marked by elongated operating cycle majorly due to high inventory days at 403 days. Gross current asset days were very high at 863 days on an average basis. Operations are moderately working capital intensive and average working capital utilization stood at 77% for past 7 months. While cash-flow from operations was negative at Rs.15 crore in last the FY, unencumbered cash and bank balance was around Rs.22.84 crore as on March 31, 2026. Promoters regularly infuse funds to support day-to-day business requirements and fund losses.

## Applicable criteria

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

## About the company and industry

### Industry classification

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

KIL, incorporated on September 28, 1965, as Khoday Distilleries Limited, primarily manufactures and markets IMFL such as malt whisky, gin, brandy and rum. KIL is promoted by House of Khodays, an Indian multi-service business group based in Bengaluru, Karnataka. The group was founded in 1906 by Khoday Eshwarsa. KIL manufacturing facility is located in Bengaluru with installed capacity of 63,000 KLPA.

| Brief Financials (₹ crore) | March 31, 2025 (A) | March 31, 2026 (UA) |
|---|---|---|
| Total operating income | 105.79 | 81.99 |
| PBILDT* | 9.03 | -13.94 |
| Profit after tax (PAT) | 4.58 | -20.39 |
| Overall gearing (x) | 0.11 | 0.17 |
| Interest coverage (x) | 1.80 | -5.80 |

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

**Status of non-cooperation with previous CRA:**
ICRA has continued the rating assigned to the bank facilities of KIL into ISSUER NOT COOPERATING category vide press release dated October 28, 2025, on account of its inability to carry out a review in the absence of requisite information.

**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 the regulators:**
A list of facilities / instruments falling under the purview of various 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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|---|---|
| Fund-based - LT-Cash Credit | RBI | Simple | - | - | - | - | 25.00 | CARE B+; Stable |
| Fund-based - LT-Term Loan | RBI | Simple | - | - | - | April 2032 | 30.00 | CARE B+; Stable |

## 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 | Fund-based - LT-Term Loan | LT | - | - | - | 1)Withdrawn (06-Feb-26) | 1)CARE B+; Stable (06-Jan-25) | 1)CARE B+; Stable (07-Feb-24) |
| 2 | Fund-based - LT-Cash Credit | LT | 25.00 | CARE B+; Stable | - | 1)CARE B+; Stable (06-Feb-26) | 1)CARE B+; Stable (06-Jan-25) | 1)CARE B+; Stable (07-Feb-24) |
| 3 | Fund-based - LT-Term Loan | LT | 30.00 | CARE B+; Stable | - | - | - | - |

LT: Long 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 |
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**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.

**Contact us**


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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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