

Khadim India Limited

October 09, 2026

Facilities	Name of the Regulator ¹	Amount (₹ crore)	Ratings ²	Rating Action
Long-term bank facilities	RBI	151.49 (Enhanced from 147.45)	CARE BBB; Negative	Reaffirmed; Outlook revised from Stable
Long-term bank facilities	RBI	-	-	Withdrawn
Short-term bank facilities	RBI	10.25 (Reduced from 31.50)	CARE A3+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Khadim India Limited (KIL) continue to derive strength from its experienced management and the long track record of operations of promoters, established position in footwear industry with diversified product portfolio, wide presence through retail network particularly in east India and south India, though geographically concentrated. CARE Ratings Limited (CareEdge Ratings) takes note of the company's successful recovery of long-pending institutional receivables in August 2026, which is expected to strengthen its liquidity position and support improved operational performance. Furthermore, the company's preferential issue of ₹11.25 crore is anticipated to provide additional financial flexibility, enhance working capital availability, and contribute to greater operational efficiency going forward.

However, ratings remain constrained by the moderation in financial performance in FY26 (FY refers to April 01 to March 31) and Q1FY27, moderate capital structure and debt protection metrics, profitability susceptible to volatility in raw material prices, working capital intensive nature of operations, and fragmented and intensely competitive nature of the footwear industry.

CareEdge Ratings have withdrawn the ratings assigned to the fund-based Stand-by line of credit sanctioned by State Bank of India to the company with immediate effect on the basis confirmation on closure of limits by the lender.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operation above ₹500 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margins sustaining at current levels.
- Improving capital structure with overall gearing below 0.80x and total debt to gross cash accruals (TDGCA) below 5x on a sustained basis.

Negative factors

- Deteriorating overall gearing below 1.6x on a sustained basis.
- Moderation in PBILDT margins below 6% on a sustained basis.
- Deterioration in operating cycle beyond 250 days on sustained basis.

Analytical approach: Standalone

Outlook: Negative

CARE Ratings has revised the outlook on KIL from 'Stable' to 'Negative' due to elevated inventory holding and collection period levels, which have resulted in stretched working capital requirements, along with moderation in financial performance arising from subdued demand conditions. The negative outlook also reflects pressure on profitability and cash flow generation going forward. The outlook may be revised back to 'Stable' upon a sustained reduction in inventory days, improvement in operating and financial performance through rationalisation of loss-making stores, and a higher contribution from True Franchise Model (TFM) stores, leading to enhanced profitability, stronger cash flow generation, and improved overall credit metrics.

¹SEBI: 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

²Complete 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 strengths

Experienced management and long track record of operations of promoters

KIL's promoters have long experience in footwear business. The founder of KIL, Late S. P. Roy Burman, had been associated with footwear business since 1965. Under his leadership, KIL's business witnessed considerable growth across India. Presently, the company's day-to-day affairs are being looked after by the CMD, Siddhartha Roy Burman. He has more than three decades of experience in the footwear industry and is assisted by his son, Rittick Roy Burman and management team having rich experience in the same line of business.

Established position in footwear industry with diversified product portfolio

KIL has developed a strong brand of 'Khadim' with a legacy of five decades in the footwear industry backed by high quality products and commands a nationwide presence (especially in east and south India). The company has an established retail network. It also has several sub-brands for footwear, such as British Walker, Sharon, Lazard, Pro, Softouch, Cleo, Turk, Bonito, Adrianna, etc, available at difference price points ranging between ₹123 and ₹6,499 under its retail portfolio of brands. The company plans to come up with various products under both open and closed footwear segment.

Wide presence through retail network, though concentrated in eastern and southern India

KIL has a Pan India presence through its retail stores operating in 27 states and five union territories. Even though having a Pan India presence, the sales are concentrated in east India with close to 67% of retail stores coming from the eastern region, followed by south India. In line with retail store network, sales are concentrated in east India followed by south India, leading to risk of region-specific economic impact on sales and profits. KIL has a strong retail model with a total of 851 (886 stores as of March 31, 2025) stores as on March 31, 2026, comprising 189 company owned company operated (COCO) and 662 franchise stores (this includes 30 stores operating under TFM).

Key weaknesses

Moderate capital structure and debt potential metrics

With decline in net worth base due to demerger, capital structure marked by overall gearing moderated and stood at 1.50x as on March 31, 2026, as against 1.18x as on March 31, 2025. With moderation in PBILDT, debt protection metrics moderated with interest coverage ratio at 1.95x in FY26 as against 2.58x in FY25. TDGCA stood high at 8.40x as on March 31, 2026, as against 8.89x as on March 31, 2025.

However, with the company coming out with preferential issue aggregating ~₹11.25 crore, its capital structure and debt protection metrics are expected to improve over the medium term, supported by the strengthening of the net worth base and enhanced financial flexibility.

Moderation in financial performance in FY26 and Q1FY27

KIL's TOI declined to ~₹367 crore in FY26 from ₹418 crore in FY25, primarily due to subdued demand and the rationalization of loss-making stores. The expected benefits from GST rate reductions remained limited, as the company's core sub-₹500 product segment did not witness significant volume growth. Although the premium category recorded healthy growth, its relatively small share of revenues limited the overall impact on sales, keeping realizations under pressure. Further, the company's strategic rationalization of loss-making franchisee-operated and company-operated stores also contributed to the moderation in TOI during FY26.

Despite lower revenues, KIL's ASP improved by ~6% to ₹561 in FY26 from ₹527 in FY25, supported by a better product mix. However, the PBILDT margin declined to 14.71% in FY26 from 16.77% in FY25.

In Q1FY27, TOI moderated and stood at ₹77.84 crore as against ₹95.70 crore in Q1FY26 largely due to the closure of rationalisation of underperforming stores. PBILDT margin moderated and stood at 10.05% in Q1FY27 as against 12.88% in Q1FY26.

To improve sales and profitability, KIL is expanding its TFM, having taken over operations of around 30 stores in FY26 with encouraging results. The TFM network currently comprises around 40 stores, with plans to expand by an additional 25-30 stores. The successful implementation and scaling up of the TFM strategy are expected to support revenue growth and improve operational efficiency.

Margins susceptible to volatility in raw material prices

The company majorly relies on outsourcing for its retail business. KIL has large base of outsourced vendors having extensive relationship with the company. Under this model, KIL shares the design requirement and the overall specification of raw materials to be used (including identified vendors for raw materials) with the outsourced vendors. Pricing for each order is finalised upfront

and thus; the vendors directly manage the costing of the products. Due to better negotiating power of KIL, it is usually able to manage short-term volatility.

However, the recent escalation in geopolitical tensions in West Asia has led to an increase in raw material prices, which may exert pressure on vendor economics and, to an extent, on the company's profitability if sustained over a prolonged period.

Working capital intensive nature of business

Due to large number of SKUs, the company's inventory requirements remain high. With moderate demand, the company has to extend higher credit period to its franchisees. Also, as on March 31, 2026, the company had long-pending debtor worth ₹32 crore from its institutional sales (₹32 crore from Punjab government). These led to high average inventory days of 230 days and high average collection period of 200 days in FY26. Against this, the company had creditor period 178 days leading to operating cycle of 252 days in FY26 (242 days in FY25).

Recently, in August 2026, the Punjab & Haryana High Court ruled in favour of the company in relation to its claims against the Government of Punjab. Consequently, the company recovered the entire outstanding amount of ~₹32 crore along with interest of ~₹13 crore. The realization of these long-pending receivables significantly strengthened the company's liquidity position and enhanced its ability to efficiently fund working capital requirements. Accordingly, going forward, the average collection period along with operating cycle is expected to improve.

Fragmented and intensely competitive nature of footwear industry

The domestic footwear industry is fragmented and is characterised by several unorganised players. These players largely target the low/middle-income segment since these consumer groups are not brand conscious. Moreover, there is a pressure from cheap imports (mainly from China) in this segment. Since KIL largely caters to middle-income segment, its profit margins are relatively low. This apart, KIL also faces stiff competition from large players.

Liquidity: Adequate

Adequate liquidity position marked by GCA of ~₹30 crore as against debt repayment obligation of ~₹29 crore (including lease liability) in FY26. The average fund-based utilisation stood at ~84% for the past 12 months ending August 2026. In FY27, the company has debt repayment obligation of ~₹23.48 crore (including lease liability) against which the company is expected to generate sufficient cash accruals. Following the recovery of long-pending debtors along with interest amounting to ₹43.69 crore, the Company strengthened its liquidity position by investing ₹30 crore in fixed deposits. The balance funds were effectively deployed towards meeting working capital requirements.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Footwear

KIL, incorporated in 1981, is engaged in manufacturing, wholesaling & retailing of footwear & related accessories. KIL has a strong retail model with a total of 851 stores as of March 31, 2026, comprising 189 company owned company operated (COCO) and 662 franchise stores.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	423.81	372.47	77.84
PBILDT*	75.90	58.93	7.82
Profit after tax (PAT)	19.40	3.14	0.52
Overall gearing (x)	1.18	1.50	NA

Interest coverage (x)	2.58	1.95	1.23
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A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: NA

Any other information: NA

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	NA	-		-	-	110.00	CARE BBB; Negative
Fund-based - LT-Stand by Limits	RBI	NA	-		-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	RBI	NA	-		-	January 2030	41.49	CARE BBB; Negative
Non-fund-based - ST-Bank Guarantee	RBI	NA	-		-	-	2.00	CARE A3+
Non-fund-based - ST-Forward Contract	RBI	NA	-		-	-	0.25	CARE A3+
Non-fund-based - ST-Letter of credit	RBI	NA	-		-	-	8.00	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 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-Cash Credit	LT	110.00	CARE BBB; Negative	-	1)CARE BBB; Stable (13-Jan-26) 2)CARE BBB (RWD) (03-Jul-25)	1)CARE BBB (RWD) (05-Jul-24)	1)CARE BBB (RWD) (11-Oct-23) 2)CARE BBB; Positive (06-Jul-23)
2	Non-fund-based - ST-Letter of credit	ST	8.00	CARE A3+	-	1)CARE A3+ (13-Jan-26) 2)CARE A3+ (RWD) (03-Jul-25)	1)CARE A3+ (RWD) (05-Jul-24)	1)CARE A3+ (RWD) (11-Oct-23) 2)CARE A3+ (06-Jul-23)
3	Fund-based - LT-Stand by Limits	LT	-	-	-	1)CARE BBB; Stable (13-Jan-26) 2)CARE BBB (RWD) (03-Jul-25)	1)CARE BBB (RWD) (05-Jul-24)	1)CARE BBB (RWD) (11-Oct-23) 2)CARE BBB; Positive (06-Jul-23)
4	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A3+	-	1)CARE A3+ (13-Jan-26) 2)CARE A3+ (RWD) (03-Jul-25)	1)CARE A3+ (RWD) (05-Jul-24)	1)CARE A3+ (RWD) (11-Oct-23) 2)CARE A3+ (06-Jul-23)
5	Non-fund-based - ST-Forward Contract	ST	0.25	CARE A3+	-	1)CARE A3+ (13-Jan-26) 2)CARE A3+ (RWD) (03-Jul-25)	1)CARE A3+ (RWD) (05-Jul-24)	1)CARE A3+ (RWD) (11-Oct-23) 2)CARE A3+ (06-Jul-23)

6	Fund-based - LT-Term Loan	LT	41.49	CARE BBB; Negative	-	1)CARE BBB; Stable (13-Jan-26) 2)CARE BBB (RWD) (03-Jul-25)	1)CARE BBB (RWD) (05-Jul-24)	1)CARE BBB (RWD) (11-Oct-23) 2)CARE BBB; Positive (06-Jul-23)
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LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

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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