

August 29, 2023

## Khemani Distilleries Private Limited: Ratings Downgraded and moved to Issuer Non-Cooperating Category

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Term Loan	25.00	25.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB (Stable) and moved to the 'ISSUER NOT COOPERATING' category
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	

<sup>^</sup>Instrument details are provided in Annexure-I

\*Issuer did not cooperate; based on best available information

### Rationale

ICRA has moved the ratings for the bank facilities of **Khemani Distilleries Private Limited (KDPL)** to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BB+(Stable); ISSUER NOT COOPERATING".

The rating downgrade is because of lack of adequate information regarding **Khemani Distilleries Private Limited** performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with KDPL, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities: [Click Here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy in respect of non-cooperation by the rated entity</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financials of <b>Khemani Distilleries Private Limited</b> , Royal Distilleries Private Limited (merged in KDPL from October 2021) and their distribution arm, Cosmic traders.

## About the company

KDPL belongs to the Khemani Group, which was formed in 1983 by two brothers, Mr. Ashok Khemani and Mr. Suresh Khemani. KDPL, incorporated in 1993, manufactures and sells ENA and IMFL of its in-house brands and USL brands, catering to the Indian (primarily Diu, Daman, Silvassa and Gujarat) and overseas markets. The company has rice/grain-based ENA plant with a capacity of 21.54 million litres per annum and a bottling capacity of 66 lakh cases per annum at the U.T. of Daman. Also, the company has an in-house steam based captive power plant (CPP) with a capacity of 3.75 Mega Watt which helps in saving power costs and an Effluent Treatment Plant (ETP) with a capacity of 600 kilo litre per day that ensures environment compliances are met.

## Key financial indicators (Consolidated)

	FY2021	FY2022
Operating Income (Rs. crore)	313.27	326.83
PAT (Rs. crore)	-0.39	-17.87
OPBDIT/OI (%)	17.86%	19.53%
PAT/OI (%)	-0.12%	-5.47%
Total Outside Liabilities/Tangible Net Worth (times)	0.83	0.96
Total Debt/OPBDIT (times)	4.36	2.03
Interest Coverage (times)	2.45	3.07

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation, All ratios as per ICRA calculations,

## Key financial indicators (Standalone)

	FY2021	FY2022
Operating Income (Rs. crore)	291.82	322.50
PAT (Rs. crore)	-7.86	-22.35
OPBDIT/OI (%)	16.04%	17.77%
PAT/OI (%)	-2.69%	-6.93%
Total Outside Liabilities/Tangible Net Worth (times)	1.29	0.91
Total Debt/OPBDIT (times)	5.17	2.26
Interest Coverage (times)	2.07	2.77

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation, All ratios as per ICRA calculations

## Status of non-cooperation with previous CRA: Not Applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Aug 29, 2023	May 10, 2022	-	-
1 Fund based-Term Loan	Long-Term	25.00	-*	[ICRA]BB+(Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	-	-

\*Not available

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-Term Fund Based- Term Loan	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, is 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	Term Loan	2021	NA	2027	25.00	[ICRA]BB+(Stable); ISSUER NOT COOPERATING

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation approach
<b>Khemani Distilleries Private Limited*</b>	100%	Full consolidation
<b>Cosmic traders</b>	Promoter Owned	Full consolidation

\*RDPL was merged in KDPL from October 2021 onwards

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### Branches



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