

Kesari Roller Flour Mills Private Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	55.00	CARE BBB-; Stable	Reaffirmed; Outlook revised from Positive

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to long-term bank facilities of Kesari Roller Flour Mills Private Limited (KRFM) factors in stable performance in FY25 (AU) both in terms of scale and profitability. The company is likely to report nominal growth in sales volume in the range of 5-10% sales volume in the near term backed by stable demand of wheat being a staple diet in India and repetitive orders from existing customer and addition of new customers in FY25. The rating continues to derive strength from its experienced promoters with a vintage of more than two decades in the flour mill industry with five companies and strong association with reputed suppliers and diversified client base.

However, these rating strengths are constrained by the company's modest-but-improving net worth base, moderation of profitability margins with exposure to fluctuations in wheat prices, and exposure to agro-climatic risk. The rating is also constrained by the highly fragmented and competitive industry it operates in with low entry barriers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Net worth base of more than Rs. 40 crores
- Significantly improving scale of operations led by growth in volume and sustaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin over 4% on a sustained basis.
- Sustenance of interest coverage ratio (ICR) over 3x.

Negative factors

- Significant decline in the scale of operations or lower profitability that weakens cash accruals.
- Any un-envisaged increase in debt funded capex resulting in increase in overall gearing over 1.6x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Revision in outlook from 'Positive' to 'Stable' factors in lower capacity utilisation and stable performance in FY25 on a y-o-y basis and lower-than-expected scale of operations and profitability margins for FY25. The stable outlook reflects CARE Rating Limited (CareEdge Ratings) belief that the entity will continue to benefit from extensive experience of its promoters in the flour milling business and its established customer base.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters with flour mills pan India

The group has 26 years of experience in the flour mill industry with five companies. It has a strong association with suppliers and client base. Promoters are acquainted with operational expertise in the flour milling business for 26 years. They and related parties have infused funds over the years to support the business. KRFL's promoters are third generation entrepreneurs, with Rajendra

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Prasad Gupta and Satyanarayan Gupta acting as the Managing Director and the Chairman of the company, respectively. The company's day-to-day operations are overseen by Ankit Gupta, CEO.

Stable performance in FY25,

KRFL's TOI witnessed a stable performance in FY25 led by stable demand from its existing customers. The capacity utilisation of plants remained lower at 77% in FY25 compared to 81% in FY24. Additionally, one of its key customers shifted procurement strategy from direct purchases to milling operations, further influencing performance dynamics. In FY25 (UA), company reported TOI of ₹467 crore against ₹470 crore in FY24 (A) with stable PBILDT margins of 3.82% (PY: 3.85%). Going forward the ability of the company to witness improvement in scale and profitability led by improved sales volume and capacity utilisation remains key monitorable.

Overall gearing ratio has deteriorated and stood at 2.14x as on March 31, 2025, compared to 0.90x as on March 31, 2024 (A) due to significant increase in working capital utilisation at year end at a level of 72% primarily used to pay advances to supplier for procurement of raw material. However, it is to be noted that the average utilisation of working capital limits has slightly increased to ~69.43% for 12 months ended March 31, 2025, compared to previous year levels of 58%. Total outside liabilities to total net worth (TOL/TNW) stood at 2.25x as on March 31, 2025, compared to 1.53x as on March 31, 2024(A) mainly considering continued modest net worth base. ICR stood healthy at 3.63x in FY25 compared to 3.87x in FY24(A).

Diversified customer base and association with reputed clientele

The company sells its products through channels such as large corporates (70%), APMC (10%), Kirana (10%), and 5% each to modern retailers and online players, resulting in diversified customer base. Long standing association of promoters in the flour mill business has aided the company in establishing association with suppliers and customers. Some key customers included Mondeleze, Nestle, Britannia, and ITC among others. Recently, the company has added clients such as Trent retail limited (Star bazar), Zepto, The health Factory and several other companies to its portfolio. This is expected to benefit the company going forward in increasing sales volume.

Key weaknesses

Modest net worth considering long operational track record of the company

Despite the company being in operation for over a decade, net worth base continued to be low at ₹37.24 crore as on March 31, 2025 (provisional), which restricts financial flexibility. Considering expected improvement in scale and profitability resulting accretion of profits to net worth, the company's net worth base is expected to improve going forward.

Exposure to agro climatic risk that impacts supply of raw material

The industry depends on rain pattern and natural climatic conditions. Production and supply are impacted by erratic weather conditions such as unseasonal rain, heatwave, improper irrigation facilities, and pre-harvest and post-harvest losses.

Highly fragmented and intensely competitive industry

The flour mill industry is highly fragmented with over two-third of the total number of players being unorganised and most of flour being supplied through small 'chakki' units. With absence of set quality standards, there is a huge presence of many players in the unorganised and organised segments. Entry barriers are low in this industry, which contributes to increased competition.

Susceptibility to raw material price fluctuation

The flour mill industry is exposed to raw material intensive nature of operations. Availability of major raw materials such as wheat and the movement in its prices is crucial for flour production. CareEdge Ratings notes that the firm's operations are working capital intensive, largely supported by unsecured loans and working capital bank borrowings.

Liquidity: Adequate

The liquidity of company stood adequate marked by healthy accruals with no long-term debt repayment obligations. Average utilisation of working capital limits remained at 69.43% for 12 months ended March 31, 2025. The company reported negative cash flow from operating activities at Negative ₹41.15 crore (PY: Positive ₹11 crore). The current ratio and quick ratio of the company remained comfortable at 1.55 time (PY: 2.20x) and 1.18x (PY: 1.06x) respectively in FY25. The firm's operating cycle elongated slightly to 37 days in FY25 compared to 30 days in FY24, however, remained moderate.

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	Agricultural food & other products	Other agricultural products

Incorporated in April 2012, KRFL manufactures atta, maida, sooji, chakki atta and bran (used as cattle feed) from wheat. The company's manufacturing plant is in Malur, Karnataka spanning 3.40 acres with grinding capacity of 2.04 lakh MTA. KRFL is a part of Kaycee Group, which has been in the flour business for more than 26 years with five roller flour mills. Promoters of the group are in the flour mill business since 1950s as a partnership firm.

Brief Financials (₹crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	470.44	466.63
PBILDT	18.10	17.84
PAT	8.28	7.72
Overall gearing (times)	0.90	2.14
Interest coverage (times)	3.87	3.63

A: Audited P: Provisional; Note: these are latest available financial results

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	55.00	CARE BBB-; 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 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-Cash Credit	LT	55.00	CARE BBB-; Stable	-	1)CARE BBB-; Positive (01-Jul-24)	1)CARE BBB-; Stable (05-Sep-23)	1)CARE BBB-; Stable (05-Sep-22)

LT: Long 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

Annexure-5: 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saiikat.roy@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662 5555 E-mail: karthik.raj@careedge.in Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: +91-80-4662 5525 E-mail: manohar.annappanavar@careedge.in Saket Upadhyay Analyst CARE Ratings Limited E-mail: Saket.upadhyay@careedge.in
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