Kriti Nutrients Limited

September 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	10.00	CARE A-; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

Ratings assigned to bank facilities of Kriti Nutrients Limited (KNL) continue to derive strength from its experienced promoters and established track record of operations in edible oil industry, diversified product portfolio with strong presence in branded refined oil segment, and established marketing network in central India. Ratings also derive strength from its moderate scale of operations and profitability, strong capital structure and debt coverage indicators, and adequate liquidity.

However, ratings continue to remain constrained due to its presence in a competitive edible oil industry, geographically concentrated operations and susceptibility of its profitability to volatile raw material prices and foreign exchange fluctuations. Ratings also consider the loans and advances given / investments made by KNL in its group company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant volume-driven growth in scale of operation through greater geographical and product diversification resulting in total operating income (TOI) above ₹1,000 crore, while maintaining its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8% on a sustained basis.

Negative factors

- Volume-driven decline in scale of operations with PBILDT margin below 3% on a sustained basis.
- Increase in adjusted overall gearing above unity or significant increase in loans and advances/ investments in group companies such that it exceeds 50% of net worth base.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that KNL is likely to sustain its performance in the medium term, considering its established presence in central India in branded refined oil segment.

Detailed description of key rating drivers

Key strengths

Experienced promoters and reputed board members

The company's promoter, Shiv Singh Mehta, looks after KNL's overall operations as the Chairman and Managing Director. He is a qualified engineer and holds master's degree in business administration with over two decades of experience in oil seed extraction and oil refining business. Shiv Singh Mehta is assisted by his son, Saurabh Singh Mehta, Whole-time Director, and wife, Purnima Mehta (Non-Executive) in KNL's operations. KNL has established organisational structure headed by qualified second-tier management team looking after different aspects.

KNL's board includes independent directors, including Chandrasekharan Bhaskar (MD of Xpro India Limited), Ashutosh Khajuria (ex-CFO of Federal Bank Limited), Dilip Singh Gaur (having 17+ years of experience with Aditya Birla Group in different roles preceded by 24 years at Unilever India in Foods, Home and Personal Care and Specialty Chemicals Business and was a member of the Foods Management Committee) and Dr Tulsi Jayakumar (Professor of Finance and Economics and Executive Director, Centre for Family Business and Entrepreneurship at Bhavan's S.P. Jain Institute of Management and Research [SPJIMR], Mumbai). Its group company, Kriti Industries (India) Limited (KIL; rated 'CARE BBB+; Stable / CARE A2') is engaged in manufacturing plastic pipes, ducts, and mouldings at its manufacturing facility in Madhya Pradesh.

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

Diversified product portfolio and strong presence in branded refined oil segment despite concentrated geographical presence
KNL has diversified product portfolio, which includes refined oil, soya meal, lecithin, and other soya-based products (soya chhilka, soya acid oil, Soya HI-pro). In FY25, KNL derived ~88% (FY24: 83%) of its net sales from refined oil and remaining 12% from soya meal and other products (FY24: 17%). The company has also added new product, protein-based snacks in its value-added product basket. The company did not undertake crushing operations in FY25 due to non-viability of the same.

KNL has an established track record of over two decades in solvent extraction and edible oil refining business. KNL has a network of over 200 dealers and the company's products are available across 20,000 retail outlets, with major focus in central India. KNL's edible oil brand 'Kriti' is well known in central India's retail market (particularly Madhya Pradesh), due to which its refined oil is entirely sold in retail premium segment with no bulk sales. The company is focusing on growing its presence in Maharashtra, Rajasthan, and Uttar Pradesh.

Moderate scale of operations and profitability
The company's scale of operations grew by ~7% y-o-y marked by TOI of ₹735 crore in FY25 compared to ₹685 crore in FY24 due to better sales realisation. However, the company's sales volume for refined oil segment (contributing 88% of TOI) declined by ~5% y-o-y due to elevated oil prices in the festive season resulting into lower-than-expected demand and shift in demand to non-branded oil. Exports contributed ~9% of its TOI in FY25 compared to 10% in FY24.

The profitability of the company, although moderated, remained adequate marked by PBILDT margin of 6.69% in FY25 compared to 9.25% in FY24. The decline in profitability margin was considering increase in marketing spend towards newly entered geographies of Rajasthan and Uttar Pradesh due to competitive business environment. Profit after taxation (PAT) margin also remained comfortable at 5.03% in FY25 (FY24: 6.57%) due to lower finance cost.

Strong capital structure and debt coverage indicators
KNL's capital structure remained strong, considering low debt level and steady accretion of the company's profit to the net worth base. As on March 31, 2025, overall gearing stood at 0.01x against 0.07x as on March 31, 2024, with nil term debt and reduction in working capital borrowings. Debt coverage indicators remained strong in FY25 marked by total debt to gross cash accruals (TD/GCA) and PBILDT interest coverage ratio of 0.07x and 85.92x, respectively. Same is expected to continue in medium terms with no major debt-funded capex plans.

KNL extended loans and advances of ₹24.35 crore and held investment in the form of equity/ convertible warrants amounting to ₹51.52 crore as on June 30, 2025 in its group company, KIL. The total exposure in the form of investment/advances formed ~35% of KNL's total net worth as on June 30, 2025 (~27% as on March 31, 2025). Adjusted overall gearing remained comfortable at 0.02x as on March 31, 2025.

Key weaknesses
Competitive industry landscape
Edible oil industry is highly competitive with presence of large national players and multiple regional players. Along with logistics and supply chain capability, large integrated players have a sizeable oil processing and packaging scale with wide distribution network. Thus, profitability remains low and is further exposed to movement in raw material prices, finished goods and other substitute. Being part of a highly fragmented industry (refined oil and soya-meal), KNL faces intense pricing competition. However, KNL buys crude soya oil directly from domestic manufacturers and import traders (located domestically) and maintains low inventory levels, which helps the company to pass on price volatility to its customers.

With increase in brand awareness, health consciousness and penetration of organised retail, the size of the branded edible oil industry is likely to increase, which bodes well for branded refined oil players.

Exposure to raw material price volatility, forex rates, and regulatory changes despite sound risk management practices followed by management
Prices of KNL's main raw material, crude soya oil, remained volatile. Crude edible oil prices are also influenced by import cost, regulatory policy (import/export duty), and price differential among other edible oil alternatives. Such sudden movement in the price affects KNL's profitability. KNL derives ~10-20% of its revenue from exports, whereas the import is negligible. Hence, KNL is a net exporter and is exposed to adverse fluctuation in foreign currency exchange rates. However, the company enters forward contracts for hedging foreign exchange exposure against its exports as per market situation. In FY25, KNL did not have exposure

hedged through commodity derivatives. However, over the years, the management has practiced sound inventory management policy with low inventory levels.

Liquidity: Adequate

KNL's adequate liquidity is supported by healthy cash accruals with absence of scheduled term debt repayment obligations. Average fund-based working capital utilisation remained low at 2% for 12-months ended June 2025. Current ratio and quick ratio stood at 5.56x and 3.36x, respectively, as on March 31, 2025. KNL reported healthy cash flow from operation of ₹58.05 crore in FY25 against ₹59.86 crore in FY24. KNL's operating cycle remained lean at 28 days in FY25 (38 days in FY24) due to low collection period driven by retail sales and limited inventory holding to insulate the company from major adverse price fluctuations. KNL had free cash and bank balance (including liquid investments) of ₹50.78 crore as on March 31, 2025, against ₹32.10 crore as on March 31, 2024.

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food and other products	Edible oil

Promoted by Shiv Singh Mehta, KNL (CIN: L24132MP1996PLC011245) is primarily engaged in manufacturing refined soya edible oil and soya bean-based value-added products. KNL's main products include branded refined soya oil, soya meal, and soya lecithin. KNL sells its refined edible oil under the brand 'Kriti', which is an established name in central India. KNL's manufacturing facilities are at Dewas, Madhya Pradesh (MP), with a solvent extraction capacity of 360,000 metric tonne per annum (MTPA) and oil refining capacity of 60,000 MTPA as on March 31, 2025. In January 2010, KNL was de-merged KIL, which had two divisions before the demerger, edible oil and solvent extraction, and plastic fittings and engineered auto components. Plastic fittings and engineered auto components division continues to remain with KIL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	685.42	735.53	229.04
PBILDT	63.42	49.22	11.37
PAT	45.02	37.02	2.66
Overall gearing (times)	0.07	0.01	NA
Interest coverage (times)	45.62	85.92	94.75

A: Audited; UA: Unaudited; 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 Instrument/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/ ST-Working Capital Limits		-	-	-	10.00	CARE A-; Stable / CARE A2+

Annexure 2: Rating history of 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/ ST-Working Capital Limits	LT/ST	10.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (02-Aug-24)	1)CARE A-; Stable / CARE A2+ (11-Jul-23)	1)CARE A-; Stable / CARE A2+ (16-Sep-22)
2	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	-	1)Withdrawn (02-Aug-24)	1)CARE A2+ (11-Jul-23)	1)CARE A2+ (16-Sep-22)

LT/ST: Long term/Short term; ST: Short term

Annexure -3: Detailed explanation of covenants of rated instrument/facilities: Not applicable

Annexure -4: Complexity level of instruments rated

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT/ ST-Working Capital Limits	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.

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About us:

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