KRBL Limited

September 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper (Carved out) *	500.00	CARE A1+	Reaffirmed

*Carved out of the sanctioned working capital limits of the company
Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of KRBL Limited's rating continues to derive strength from its established brand equity, long operating track record, and strong market position in the basmati rice industry, in domestic and international markets. The company benefits from its integrated operations across the value chain, diversified product portfolio, and presence in renewable energy, which provides an additional revenue stream. Its robust distribution network, premium brand positioning, and in-house R&D capabilities support sustainable competitiveness. The rating also reflects KRBL's comfortable financial risk profile, characterised by strong capital structure, healthy debt coverage metrics, low reliance on external borrowings, and strong liquidity, supported by sizeable cash accruals and investments. Appointment of a new distributor in Saudi Arabia and regaining lost market share will remain a key monitorable for future performance.

However, ratings are constrained by the inherently working capital intensive operations, given the high inventory requirements associated with procurement and ageing of basmati paddy. Profitability remains vulnerable to fluctuations in raw material prices, agro-climatic risks, foreign exchange movements, and changes in government trade policies, given the export dependence. The industry's fragmented nature and intense competition also limit pricing flexibility. CARE Ratings Limited (CareEdge Ratings) further notes ongoing litigations and investigations; while these have not impacted the company's operations or financial risk profile to date, adverse outcome remains a key monitorable. The company's strong liquidity position, integrated business model, and established market presence provide adequate credit comfort over the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Adverse developments regarding ongoing investigations against promoters may have an impact on KRBL's operations or credit profile.
- Significant debt-funded capex resulting in deteriorating capital structure, with total debt to profit before interest, lease rentals, depreciation, and taxation (TD/PBILDT) increasing to over 1.0x on a sustained basis.
- Adverse changes in the import policies of key importing countries and export policies of the Government of India (GoI) affecting basmati rice prices and the company's profitability.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated approach of KRBL and its subsidiaries, as all these entities are operationally integrated with KRBL and are in the same business, under a common management, and have strong operational and management linkages. The list of entities consolidated are presented in Annexure-6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Long track record of operations in basmati rice industry and strong brand presence and widespread distribution network

Incorporated in 1993, KRBL has grown multi-fold in revenue and operations and today has 14 rice brands under its banner. 'India Gate', the flagship brand, is popular in India and international markets, contributing 59% of total revenue in FY25, while 'Unity',

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

a low-priced basmati brand, accounted for 14%. The company has a strong global presence across 90 countries, with the Middle East being a key market, accounting for ~61% of export sales in FY25 (PY: 58%). The decline in sales in recent years in this region was due to the loss of a distributor in Saudi Arabia, though steps are being taken to appoint a replacement. KRBL's facilities are strategically across Punjab, Uttar Pradesh, Haryana, Delhi, and Gujarat, ensuring easy access to paddy, its key raw material, and commercial production commenced at its new Anjar, Gujarat plant in June 2023. Over time, KRBL has built a strong distribution network of over 850 dealer-distributors in India, one distributor per country overseas (except multiple in the US), and over 3.75 lakh retail outlets across 750 cities. It also has strong tie-ups with leading domestic retail chains and continues to strengthen last-mile delivery through collaborations with e-commerce platforms. The strong distribution reach not only supports domestic sales but also helps mitigate concentration risks in specific export markets. Going forward, the company's ability to consolidate its brand position while expanding distribution in high-growth regions will remain critical for sustaining its competitive edge.

Comfortable financial risk profile characterised by strong capital structure and strong debt protection metrics

The company's revenue remained largely stable in FY25, with modest growth supported by ~2% increase in domestic sales, even as exports grew only marginally due to the loss of a distributor in Saudi Arabia, the government ban on non-basmati rice exports, and geopolitical tensions in the Middle East. Export rice volumes rose 17% and domestic volumes 1% in FY25, though profitability margins moderated to 12.06% from 15.01% in FY24, impacted by higher-cost paddy procurement. Margins are expected to recover in FY26 with stabilised prices, stronger export sales, and efforts to regain share in Saudi Arabia. In Q1FY26, revenues improved significantly across domestic and export markets, supporting higher margins at 12% versus 10% in Q1FY25. KRBL continues to maintain a strong solvency position, with overall gearing (including acceptances) improving to 0.08x as on March 31, 2025, from 0.11x in the previous year. Healthy cash accruals have reduced reliance on external borrowings, with working capital borrowings declining to ₹334 crore in FY25 (PY: ₹460 crore) and average utilisation standing low at 8.24% in the 12 months ended June 2025. Debt remains primarily seasonal, linked to the paddy procurement cycle, and borrowings reduced to negligible levels by June 2025.

Presence across value chain

As India's first integrated rice producer with a comprehensive value chain and diversification in health foods, KRBL ranks among the largest fully integrated rice companies. Over time, it has built a strong presence across the chain from seed development and distribution, farming and paddy milling, to the sale of finished rice. The company also produces value-added by-products such as bran oil, de-oiled cakes, and utilises rice husks for captive power generation and production of furfural. Its operations are supported by a wide base of contract farmers, with ~95,000 farmers across ~300,000 hectares. KRBL has developed multiple rice brands including India Gate, Nur Jahan, Unity, Alwisam, Rameez, Zabreen and Bab Al Hind, catering to varied consumer segments. The company has steadily diversified in health foods, launching products such as 'India Gate Quinoa', 'India Gate Sprouted Brown Rice', 'India Gate Flax Seed', 'Biryani Masala' and 'India Gate Chia Seed'. In April 2021, it also introduced 'India Gate Rice Flour' in the domestic market. KRBL continues to promote its health food range, including brown rice, quinoa, and weight watchers' specials, mainly through digital advertising targeted at high-income consumers. In FY25, the company further expanded its portfolio with the launch of a new brand 'Uplife', focused on healthy oils.

Diversification in renewable energy and captive power

KRBL has been continuously expanding its presence in the value-added products and power business as a diversification measure. With its increasing focus on green manufacturing, KRBL diversified in renewable energy. Its green energy portfolio stood at 150.63 MW as on June 30, 2025. Of the total power generated, around one-third was used for captive consumption. The diversification in power and renewable energy has not only helped KRBL to become self-sufficient in its captive requirements but has also emerged as a strong revenue earner for the company. The energy segment contributed 2% (PY: 2%) of the total revenue for FY25, while it contributed to 8% of the total profit-before-tax (PBT) (PY: 7%) in FY25. The company has saved its cost in power consumptions since a major portion of generation is utilised in captive consumption and the balance is sold off to third parties.

Key weaknesses

Working capital-intensive operations

Given the seasonality of the rice harvest (October to December), the company is required to maintain substantial raw material inventory to ensure uninterrupted production throughout the year. A significant portion of the basmati paddy inventory also needs to be aged for at least a year, as ageing enhances quality and enables premium pricing. Consequently, KRBL's working capital requirements remain inherently high. As on March 31, 2025, paddy constituted ~20.51% of the total inventory value (PY: 29.97%), with the balance being rice. The company's average inventory-holding period remained elevated at 324 days in FY25 (PY: 355). While such sizeable inventory levels expose KRBL to price volatility in basmati paddy and rice, the risk is partly mitigated by its strong brand positioning and ability to command premium pricing.

Vulnerability of agro-climatic risks and foreign exchange risks
The basmati rice processing industry is an agriculture-based industry and KRBL is exposed to agroclimatic risks such as raw material availability and its quality, which have a bearing on the basmati rice prices. The cost and availability of basmati paddy is impacted by many factors such as inadequate irrigation facilities, unfavourable climate conditions, changes in crop patterns, and farmers' preferences for other crops that yield better realisation. KRBL earns a significant portion of its revenue from the export market and is thus exposed to foreign exchange fluctuation risk. However, the company has robust foreign exchange risk policies and the majority forex exposure is hedged through forward contracts.

Vulnerability of international trade to changes in government policies
The paddy prices are regulated by the government to safeguard the interest of farmers, which limits the bargaining power of rice mills over farmers. Given the fact that prices for finished products are market determined, and raw materials cost is fixed by the GoI through the MSP mechanism, the profitability margins of the industry remain vulnerable, especially in times of low paddy cultivation when the GoI decides to prohibit export of rice or increases tariffs on export. KRBL factors changes in paddy prices in the final pricing done to its customers. The company is also exposed to changes in trade policies of key importing countries, which can impact export revenues, considering KRBL is one of the leading exporters of basmati rice from India.

Intense competition and fragmented nature of industry
The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganised sector with less product differentiation. There are several small-scale operators that are not in end-to-end processing of rice from paddy but merely complete a small fraction of processing and dispose-off the semi-processed rice to other big rice millers for further processing. The concentration of rice millers around the paddy-growing regions makes the business intensely competitive and limits the pricing flexibility of the industry participants.

Liquidity: Strong

The company's liquidity position remains strong, supported by minimal debt repayment obligations and low utilisation of working capital limits. KRBL does not have term debt, with only negligible lease liabilities. Average working capital limit utilisation stood comfortable at 8.24% for the 12 months ended June 2025. The current ratio improved to 6.26x as on March 31, 2025 (PY: 5.40x). Liquidity is further strengthened by free cash and liquid investments of ₹452 crore as on March 31, 2025 (PY: ₹30 crore), and current investments of ₹350 crore (PY: ₹115 crore). Healthy cash accruals continue to provide adequate cushion to fund working capital requirements and routine capex. With no major debt repayment obligations in the near term, liquidity is expected to remain robust going forward. The sizeable cash reserves and low external dependence also provide the company with financial flexibility to withstand adverse movements in raw material prices or export demand. Strong internal accrual generation ensures readiness to meet incremental capex or expansion needs without stretching the capital structure.

Environment, social, and governance (ESG) risks

Environmental:
The company has further taken measures to protect environment which reduces the company's environmental risk. 1. The company has recycled plastics in category 1 (PET Jars), conserving resources and protecting the environment from plastic pollution.
2. Treated 1450 KL/ day of water and is discharged on 30 acres of land area adjacent to Dhuri plant which has a plantation of 20,000 eucalyptus trees.
3. Land is being used for Miyawaki Plantation, which helps in lower temperatures in concrete heat island, reduce air and noise pollution, attract local birds, insects, and create carbon sticks.

Social:
Considering rice mills of KRBL depend on many farmers from whom paddy is sourced, KRBL's R&D cell, in collaboration with the PUSA institute, has introduced improved seed varieties (1886 and 1667) to improve crop resistance to pests and diseases. KRBL provides farmers with Integrated Pest Management (IPM) Kits and training on agricultural techniques to maximise yields and optimise pesticides and fertiliser use. KRBL also undertakes a lot of CSR initiatives for farmers with whom it is dealing with. As such, the company's social risks remain low.

Governance:

The company is managed by professional board of directors who have extensive experience in industry. The board comprises eight directors, including two women directors. The independent directors are 50% of the total number of directors. However, considering the ongoing litigations and investigations, impact of this will remain a key monitorable.

Applicable criteria

Consolidation
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	Other agricultural products

KRBL is India's first integrated rice manufacturing company. It is one of the largest rice producers in the world, with an installed manufacturing capacity of 207 metric tonne per hour and grading and packing capacity of 233 metric tonne per hour. The company was incorporated in 1993 by Anil Mittal, Anoop Gupta, and Arun Gupta, and produces basmati rice and non-basmati rice. It is also engaged in manufacturing by-products such as bran oil, furfural, and de-oiled cakes, among others. The company predominantly manufactures and markets branded rice products in India and across the globe. 'India Gate' is the company's flagship brand and commands a premium in the Indian and international markets, contributing ~59% of KRBL's total income in FY25. The company also derives 2% of its revenue (₹94 crore) through electricity generation facilities from renewable energy sources such as wind turbine (114.35 MW), biomass power plant (21.38 MW), and solar power plant (15 MW). 16-20% of the power generated is used towards captive consumption, whereas the balance is sold.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	5391.57	5600.70	1584.12
PBILDT	809.20	681.26	193.24
PAT	595.86	476.05	151.45
Overall gearing (times)	0.11	0.08	NA
Interest coverage (times)	33.58	46.82	193.24

A: Audited UA: Unaudited; NA; Not Available 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)		Proposed	NA	NA	500.00	CARE A1+

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	Commercial Paper-Commercial Paper (Carved out)	ST	500.00	CARE A1+	-	1)CARE A1+ (17-Sep-24)	1)CARE A1+ (18-Sep-23)	1)CARE A1+ (20-Sep-22)

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	KRBL DMCC Group	Full	Subsidiary
2	KB Exports Private Limited	Full	Subsidiary

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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