

June 10, 2026

Kayem Food Industries Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based limits – Term Loan	214.9	219.5	[ICRA]BBB- (Stable); reaffirmed
Long-term – Fund based limits – Cash credit	66.0	67.0	[ICRA]BBB- (Stable); reaffirmed
Short-term – Non-fund based limits – LC	12.0	6.0	[ICRA]A3; reaffirmed
Short-term – Non-fund based limits – BG	7.5	22.5	[ICRA]A3; reaffirmed
Long term/short-term– Unallocated	49.6	35.0	[ICRA]BBB- (Stable) /[ICRA]A3; reaffirmed
Total	350.00	350.00	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of ratings for Kayem Food Industries Private Limited (Kayem) factors in its established operational track record as a leading contract manufacturer of breakfast cereals, the extensive experience of its promoters in this industry, and Kayem’s healthy share of business with reputed Fast Moving Consumer Goods (FMCG) companies. The company benefits from a diversified product portfolio spanning breakfast cereals, extruded cereals, dehydrated fruits and vegetables, sauces, premixes and jams, supported by its manufacturing facilities at Rai, Panipat and Gurgaon. Its established customer relationships, repeat order inflows and adherence to stringent quality and compliance standards are supported by several certifications.

The ratings also derive comfort from the company’s steady scale-up in recent years. Kayem reported an estimated revenue of Rs. 444 crore in FY2026, as against Rs. 403 crore in FY2025 (Rs. 348 crore in FY2024), supported by healthy offtake from existing customers and the addition of new customers/products. However, operating margins moderated to 17% in FY2026 (estimated) from 18.1% in FY2025 and 20.1% in FY2024, reflecting lower realisations, elevated competitive intensity, forex-led pressure on imported inputs and limited flexibility for mid-year price revisions under annual contracts. Nevertheless, Kayem’s contractual business model, under which it earns a fixed conversion margin and is generally able to pass on raw material cost changes to customers, lends stability to its operating profile.

However, the ratings remain constrained by the company’s moderate scale of operations, high customer concentration risk, competitive intensity in the outsourced food manufacturing segment and its leveraged capital structure, arising from the debt-funded capex undertaken in the past for the Rai facility. Nevertheless, the financial risk profile has shown some improvement with steady accrual generation, and no material increase in debt levels. Additionally, the refinancing in FY2026 has elongated the term debt maturity, lowering the debt repayment liability over the next few years and supporting the company’s cashflow position. Going forward, the absence of any major debt-funded capex plans and steady growth in earnings are expected to support further improvement in coverage metrics. Kayem continues to be exposed to high client concentration risk, with its top three customers accounting for 47% of its revenues in FY2026. However, this dependence has improved in recent years. Established relationships, a healthy share of business with customers and high entry barriers in the industry mitigate the risk to an extent. Any adverse change in the key business terms with major clients, however, remains a rating sensitivity.

The Stable outlook on the long-term rating reflects ICRA's expectations that Kayem will continue to benefit from its operational strengths and maintain a stable earnings profile, with improvement in its credit metrics on the back of steady accrual generation and no major increase in its debt levels.

Key rating drivers and their description

Credit strengths

Leading contract manufacturer for breakfast cereals in India with a diverse product mix – Incorporated in 1986, Kayem has been promoted by the Mahajan family, who have extensive experience of over three decades in the food processing and manufacturing industry. The company has established itself as a key contract manufacturer in the breakfast cereals and ingredients segment, supported by strong manufacturing capabilities, technological expertise and adherence to stringent quality standards required by large FMCG players, thereby enabling long-standing client relationships.

Healthy share of business with diverse customer base, which includes reputed FMCG industry players – Over the years, Kayem has developed a wide customer base of leading FMCG companies, such as Nestle, Kellogg's, PepsiCo, Marico, Mondelez, Capital Foods, and DMart, among others. The company's established relationships with most of its customers, along with a healthy share of business, support steady offtake and revenue visibility for the near to medium term. Owing to its established business position in the industry, the company continues to add new customers to its portfolio, along with increasing export orders from existing FMCG customers.

Healthy operating margins with ability to pass through costs to customers – Kayem has maintained healthy operating margins over the years, supported by its product mix and operational efficiencies. However, margins have moderated to about 17% (estimated) from 18.1% in FY2025 and more than 20% historically due to a higher contribution from the lower-margin Rai facility and changes in product mix. Nonetheless, the company's contractual arrangements with customers largely operate on a conversion-based model, enabling it to pass through raw material and forex cost fluctuations, thereby providing stability to margins, albeit limiting upside potential.

Steady revenue growth in recent years – The company has reported steady growth in revenues over the past few fiscals, driven by higher capacity utilisation at the Rai facility, increased offtake from existing customers and the addition of new products and geographies. In FY2026, the company is estimated to achieve revenues of Rs. 444 crore, witnessing growth of about 10% on a YoY basis. Revenue visibility remains supported by new product launches by key customers (including fills and granola variants), continued demand from anchor clients and a gradual ramp-up in export orders.

Credit challenges

Moderate scale of operations – Despite its established market presence and steady growth trajectory, Kayem's scale remains moderate in the context of the industry. The company's operations are also partly dependent on specific product categories and customers, and the pace of scale-up is linked to customer product cycles and approvals. Additionally, the operations remain exposed to execution and quality risks inherent in the food processing industry, along with sensitivity to any adverse changes in key customer relationships.

Exposed to competitive intensity of the industry and client concentration risk – The company operates in a competitive industry characterised by multiple contract manufacturers and the presence of in-house manufacturing capabilities of large FMCG companies. While entry barriers remain relatively high due to technological and quality requirements, Kayem continues to be exposed to customer concentration risk, with a significant portion of revenues derived from a limited number of large clients. The top 3 customers accounted for 47% of total revenues in FY2026 (58% in FY2025). Although long-standing relationships and an increasing share of business provide some comfort, any change in the sourcing strategies of key clients could impact revenues.

High leverage levels and moderate debt coverage indicators – Kayem’s financial risk profile remains constrained by elevated leverage, primarily due to debt-funded capex undertaken for its Rai facility. Despite gradual improvement, leverage levels remain relatively high, with estimated Total Debt/OPBDITA at 3.6x in FY2026 against 4.2x in FY2025. However, with steady cash accrual generation and scheduled debt repayments, leverage and coverage metrics are expected to improve going forward.

Liquidity position: Adequate

Kayem’s liquidity position is adequate, supported by steady cash flow generation, cash/bank balances of Rs. 2-3 crore and a cushion in the form of undrawn working capital limits of Rs. 44.5 crore as of March 31, 2026. Given the existing level of unutilised manufacturing capacities, Kayem does not have any major capex plans, and its internal accrual generation is expected to be sufficient to service its annual debt repayment obligations of around Rs. 30 crore p.a. for FY2027-2029.

Rating sensitivities

Positive factors – ICRA could upgrade Kayem’s ratings if there is healthy revenue growth on the back of higher customer offtake and new product launches, leading to stronger earnings, improved debt protection metrics, while maintaining adequate liquidity position.

Negative factors – Pressure on Kayem’s ratings could arise if there is any considerable decline in revenue or deterioration in profitability due to the inability to pass through the input cost or forex fluctuations, or if any sizeable debt funded capex or stretched working capital cycle weakens liquidity and coverage metrics. Specific credit metrics that could lead to a ratings downgrade include Total Debt/OPBITDA of more than 4.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1986, Kayem is involved in manufacturing breakfast cereals, extruded cereals, dehydrated fruits and vegetables, sauces, premixes and jams. The company has been promoted by the Mahajan family, who have experience of over two decades in the industry. It is the largest contract manufacturer in the breakfast cereals category and caters to reputed FMCG players such as Nestle, Kellogg’s, Marico, PepsiCo, DMart, Capital Foods, and Mondelez, among others. Kayem operates from its manufacturing units at three key locations in Haryana—Rai, Panipat and Gurgaon.

Key financial indicators (audited)

Kayem Foods (Standalone)	FY2024	FY2025
Operating income	348.3	403.4
PAT	5.6	13.3
OPBDITA/OI	20.1%	18.1%
PAT/OI	1.6%	3.3%
Total outside liabilities/Tangible net worth (times)	2.2	2.1
Total debt/OPBDITA (times)	4.2	4.2
Interest coverage (times)	1.7	2.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current (FY2027)			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jun 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based limits – Term loan	Long-term	219.5	[ICRA]BBB-(Stable)	Apr 03, 2025	[ICRA]BBB-(Stable)	-	-	Jan 25, 2024	[ICRA]BBB-(Stable)
				-	-	-	-	April 10, 2023	[ICRA]BBB-(Stable)
Fund based limits – Cash credit	Long-term	67.0	[ICRA]BBB-(Stable)	Apr 03, 2025	[ICRA]BBB-(Stable)	-	-	Jan 25, 2024	[ICRA]BBB-(Stable)
				-	-	-	-	April 10, 2023	[ICRA]BBB-(Stable)
Non-fund based limits – LC	Short-term	6.0	[ICRA]A3	Apr 03, 2025	[ICRA]A3	-	-	Jan 25, 2024	[ICRA]A3
				-	-	-	-	April 10, 2023	[ICRA]A3
Non-fund based limits – BG	Short-term	22.5	[ICRA]A3	Apr 03, 2025	[ICRA]A3	-	-	-	-
Unallocated	Long-term/Short term	35.0	[ICRA]BBB-(Stable)/[ICRA]A3	Apr 03, 2025	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-
Fund based limits – Term loan (proposed)	Long-term	-	-	-	-	-	-	April 10, 2023	[ICRA]BBB-(Stable)
Fund based limits – Overdraft	Long-term	-	-	-	-	-	-	April 10, 2023	[ICRA]BBB-(Stable)
Non-fund based limits – LC/BG (proposed)	Short-term	-	-	-	-	-	-	Jan 25, 2024	[ICRA]A3
								April 10, 2023	[ICRA]A3
Short-term – Interchangeable [^]	Short-term	-	-	-	-	-	-	Jan 25, 2024	[ICRA]A3
								April 10, 2023	[ICRA]A3
Unallocated	Long term	-	-	-	-	-	-	-	-

[^]sub-limits of non-fund based limits/LC; & on watch with developing implication

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI

9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/Fis)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based limits – Term loan	Simple
Long-term – Fund based limits – Cash credit	Simple
Short-term – Non-fund based limits – LC	Simple
Short-term – Non-fund based limits – BG	Simple
Long term/ Short term-Unallocated	NA

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 are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund based limits – Term loan	FY2024-FY2026	9.0-10.0%	FY2030-FY2032	219.5	[ICRA]BBB- (Stable)
NA	Long-term – Fund based limits – Cash credit	-	-	-	67.0	[ICRA]BBB- (Stable)
NA	Short-term – Non-fund based limits - LC	-	-	-	6.0	[ICRA]A3
NA	Short-term – Non-fund based limits - BG	-	-	-	22.5	[ICRA]A3
NA	Long-Term/Short-Term-Unallocated	-	-	-	35.0	[ICRA]BBB- (Stable) /[ICRA]A3

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Kirit Shah
+91 22 6114 3442
Kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
Deepak.jotwani@icraindia.com

Shubham Gupta
+91 124 4545 399
shubham.gupta2@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.