

The Delhi Flour Mills Company Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	175.79 (Reduced from 182.69)	CARE BB+; Stable	Reaffirmed
Short-term bank facilities	1.07	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings of The Delhi Flour Mills Company Limited (DFMCL) continues to remain constrained by moderate profitability margins, working capital intensive operations, exposure towards fragmented and competitive wheat products industry, leading to low and volatile profitability margins, vagaries of nature for raw material availability, and corporate guarantee provided to Wonderworks Private Limited (WPL; another promoter entity), which has a weak financial risk profile. However, ratings continue to derive strength from experienced promoters with a long track record of operations and an established brand name with diversified customer base, robust marketing and distribution network. Ratings continue to draw comfort from effective raw material sourcing arrangement through dedicated agents and moderate financial risk, with a slight improvement in debt coverage indicators in FY25 (Audited; FY refers to April 01 to March 31). Ratings take cognisance of growth in scale of operations in FY25, despite modest accruals generated for servicing of debt repayment obligations and continued reliance on available cash and liquid investments, which remain largely parked in inter-corporate deposits (ICDs) to private parties.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 9% on a sustained basis.
- The company's ability to generate healthy cash accruals on a sustained basis leading to self-sustainability for meeting debt obligations and maintaining sufficient liquidity buffer for future exigencies.
- Improvement in interest coverage above 2.50x and total debt to gross cash accruals (TD/GCA) below 4x leading to improvement in financial risk profile of the company on a sustained basis.

Negative factors

- Moderation in profitability margins continuing below 5% on a sustained basis, leading to consistently lower cash accruals.
- Use of surplus cash for future capex or expansion, which has an adverse impact on the company's credit or liquidity profile.
- Elongation in inventory levels beyond 120 days impacting the operating cycle and financial risk profiles of the company.
- Debt ties up for development of proposed real estate project, adversely impacting the company's financial risk profile.

Analytical approach: Standalone, factoring exposure toward group company, WPL.

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) opinion that the company will continue to benefit from resourceful promoters and their vast experience in food processing industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate profitability margins

DFMCL reported PBILDT margins of 7.29% in FY25, improved from 3.86% in FY24, largely due to improved sales realisations owing to consistent increase in minimum support price (MSP) for wheat in India. The company reported a net loss of 1.22% (loss

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

of ₹6.65 crore) in FY25 compared to a net loss of 13.55% (loss of ₹68.27 crore) in FY24, considering deferred tax of ₹18.46 crore in FY25. Profitability was significantly impacted in FY24, as the company created a provision of ₹91.53 crore for partially damaged stock. In 9MFY26, the company reported PBILDT margin of 4.86%, moderation in profitability was considering increased competition and lower demand in the period.

Working capital intensive business

The company's operating cycle continues to remain elongated with elevated inventory holding period of 2-3 months to eliminate price volatility of raw material, wheat and also for smooth functioning operations, leading to stretched operating cycle of 74 days in FY25, though improved from 102 days in FY24. Working capital cycle reduced considering significant reduction in inventory holding period from 100 days in FY24 to 70 days in FY25. Average creditor period is eight days in FY25 (PY: seven days) and average collection period is 12 days in FY25 (PY: nine days).

Significant exposure towards group company

DFMCL provided corporate guarantee for bank facilities availed by WPL, as the company is under the control of common promoters. Adjusted gearing for DFMCL stands at 0.78x in FY25 (PY: 0.56x). WPL was incorporated in 2020 and weak financial risk profile as on March 31, 2025. Going forward, incremental support by DFMCL towards WPL or the other group company adversely impacting DFMCL's financial risk profile, shall remain negative from credit perspective.

Execution plans for the real estate project under joint development model

The company is undertaking a real estate project under a joint development arrangement (JDA), where all development costs will be borne by the Joint Development Partner, while DFCML will provide the land. The project is expected to be completed in the next 3-4 years. DFMCL approached the competent authority to make certain changes to the approved plan. This process will take some time, and once the amended plan is received, construction activities will commence. Execution plans are not yet fully finalised, significant debt availment further taken towards project development shall result in significant deterioration in capital structure and debt coverage indicators and shall remain negative from credit perspective.

Competitive and fragmented market

The industry segment (milling products) is characterised by presence of large number of small players competing with few organised players. Most wheat product processors in the country are smaller players operating in their niche areas. Wheat prices tend to fluctuate considering unseasonal rains in many states as wheat is grown mainly in northern states, Uttar Pradesh being the top-most contributor of wheat. The Government of India is taking proactive steps to provide the farmers adequate price for their output. MSP for wheat in India has been steadily increasing over the years, MSP stood increased to ₹2,585 /quintal for FY26-27 (PY: ₹2,425/quintal). This consistent increase in MSP aims to provide better financial support to farmers and ensure fair compensation for their produce.

Exposed to vagaries of nature for raw material availability

Wheat is a 'Rabi' crop and is cultivated between November-April and March-April is the harvest season. The output highly depends on monsoon, and raw material availability can be impacted in case of deficit/excessive rainfall. DFMCL setup dedicated suppliers, who purchase and sell wheat to the company. Suppliers are across mandis and supply wheat to the company per requirement. Wheat is primarily produced in Uttar Pradesh (UP), Punjab, and Haryana, but the company largely buys wheat from suppliers, who procure wheat from farmers of UP.

Key strengths

Established brand name with reputed and diversified customer base

The company established a strong brand name for marketing its products and developed a robust marketing and distribution network. DFMCL sells its products, maida, atta, and suji, under the brand name 'STAG' and whole wheat atta under the brand name 'KANAK'. STAG is a B2B brand catering to industries, hotel chains, bakeries, and restaurants, whereas KANAK is a B2C brand sold to retail customers. DFMCL dealt with its customers for over two decades.

Adequate raw material procurement and network of dedicated buying agents

The company's major raw material is wheat, procured mainly from local mandis through an established procurement system. The company procures wheat throughout the year per demand and supply through mandis and maintains buffer stock of 2-3 months to ensure raw material availability and continuous production of wheat products. Procurement in the harvest season acts as buffer stock for the company throughout the year, which helps it maintain prices and quality throughout the year and mitigate the effect

of fluctuations in commodity market prices. The company has ~120 dedicated buying agents in wheat growing areas of UP, Haryana, and Rajasthan and ~200 distributors in Delhi, Gujarat, Rajasthan, and UP.

Growing scale of operations

DFMCL reported growth of 8.43% in total operating income (TOI) to ₹546.27 crore in FY25 compared to ₹503.82 crore in FY24. Growth is attributable to an increase in average sales realisation from ₹2,809 per quintal in FY24 to ₹3,093 per quintal in FY25, despite a 6.29% decline of sales volume in milling operations in FY25. In 9MFY26, the company achieved TOI of ₹389.13 crore considering improved sales realisation to ₹3,100 per quintal.

Moderate financial risk profile

The company's financial risk profile is moderate with an overall gearing of 0.60x as on March 31, 2025, moderated from 0.40x as on March 31, 2024, due to increased debt levels to ₹199.89 from ₹135.15 crore respectively. Debt coverage indicators stood slightly improved as reflected by interest coverage ratio of 1.86x in FY25 improved from 1.16x in FY24 and TD/GCA to 8.63x in FY25 from 20.73x in FY24, considering improved profitability margins. The company's promoters are resourceful and have past track record of extending financial support to the company when needed for business requirements and further expected to continue also. Going forward, significant increase in debt levels considering execution of real estate project, leading to further deterioration in its capital structure and debt coverage indicators shall remain key rating sensitivities.

Liquidity: Stretched

Liquidity is stretched as reflected by expected GCA in the range of ₹20-22 crore against repayment obligations of ₹19.38 crore in FY26. The company has investments held in form of ICDs ₹43.12 crore, and cash/bank balance of ₹15 crore as on February 28, 2026. Bank limit utilisation for sanctioned fund-based limits of ₹40.00 crore, averaged at ~74% for 12 months ending December 31, 2025, for sanctioned short-term stock pledge facilities of ₹190.00 crore, averaged at ~79% for 12 months ending December 31, 2025. Going forward, use of surplus funds for future capex or expansion may have an adverse impact on the company's credit or liquidity profile, which will remain key monitorable.

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](#)

[Notching by Factoring Linkages with Parent](#)

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

Incorporated on May 19, 1916, DFMCL is over 100-year-old company. Current promoters took over in 1947. The company primarily conducts flour milling operations and wheat trading. The major products manufactured and procured by DFMCL include maida (refined flour), atta (special atta and whole wheat atta), and sooji. While sooji, atta, and maida are sold under the brand Stag, and whole wheat atta is sold under the brand Kanak. As on March 31, 2025, DFMCL had an installed capacity of 2,100,000 quintals per annum with capacity utilisation of 80.34% as on March 31, 2025 (PY: 85.45%) at its Greater Noida plant.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	503.82	546.27	389.13
PBILDT	19.43	39.83	18.90
Profit after tax (PAT)	-68.27	-6.65	-3.83
Overall gearing (x)	0.40	0.60	0.79
Interest coverage (x)	1.16	1.86	1.31

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 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
Fund-based - LT-Term Loan		-	-	31-12-2033	95.79	CARE BB+; Stable
Fund-based - LT-Working Capital Limits		-	-	-	80.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	1.07	CARE A4+

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-Term Loan	LT	95.79	CARE BB+; Stable	-	1)CARE BB+; Stable (24-Mar-25)	1)CARE BBB-; Negative (05-Mar-24)	1)CARE BBB; Negative (01-Mar-23)
2	Fund-based - LT-Working Capital Limits	LT	80.00	CARE BB+; Stable	-	1)CARE BB+; Stable (24-Mar-25)	1)CARE BBB-; Negative (05-Mar-24)	1)CARE BBB; Negative (01-Mar-23)
3	Non-fund-based - ST-Bank Guarantee	ST	1.07	CARE A4+	-	1)CARE A4+ (24-Mar-25)	1)CARE A3 (05-Mar-24)	1)CARE A3 (01-Mar-23)

LT: Long term; ST: Short 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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantee	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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