DFM Foods Limited

July 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	63.27	CARE BBB-; Positive	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	20.00	CARE BBB-; Positive / CARE A3	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the rating assigned to bank facilities of DFM Foods Limited (DFM) at CARE BBB/CARE A3, while revised the outlook to 'Positive'. Revision in the outlook reflects the strengthening business risk profile of DFM in FY26, driven by revenue growth (~30% y-o-y in FY26) and improvement in operating profitability, and sustenance of the company's strong financial risk profile. 'Positive' Outlook reflects CareEdge Ratings' expectation of steady revenue growth to be supported by the company's marketing and branding initiatives with high brand recall of "Crax" brand, its continued ability to successfully launch new products, the growing contribution from e-commerce channels, and its ongoing capacity expansion.

Debt coverage metrices of the company significantly improved in FY26 characterised by interest coverage improving to 5.57x (PY: 1.43x) and total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) to 2.23x (PY: 8.06x). PBILDT margin also improved to 5.06% in FY26 from 1.26% in FY25. Going forward, CareEdge Ratings expects sustenance in the company's financial risk profile despite its planned capacity expansion, supported by improved profitability driven by operating leverage as the scale of operations increases.

Ratings continue to derive comfort from DFM's established brand equity under the 'Crax' umbrella, which enjoys strong visibility and recall, especially in northern India. The company's diversified product portfolio and continuous new product introductions, including Crax Choco Rings, Mango Rings, Ragi chips, and expansion into the namkeen category, have supported volume growth. Total operating income (TOI) grew by ~30% y-o-y to ₹915.96 crore in FY26. The company's growing presence in the e-commerce channel and ongoing distribution expansion are expected to support further growth. Sustained improvement in margins, and prudent liquidity management will remain key rating monitorable.

However, these rating strengths continue to remain partially constrained by its margins susceptible to raw material (RM) price fluctuations and intensive competition prevailing in the snacks industry. CareEdge Ratings also notes the presence of pending GST litigations, as of now Allahabad High Court has stayed the FY21-FY24 liability, and the firm is awaiting a hearing for FY17-FY21 period. Going forward, any emergence of liabilities of these will be a key rating negative.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in gross cash accruals (GCA) to over ₹50 crore considering rise in scale of operations and/or improvement in operating profitability on a sustained basis.
- Improvement in profitability, leading to strengthening of the debt coverage metrics with TD/PBILDT to remain below 3.0x
- Significant equity infusion covering the losses and strengthening overall gearing to below 0.25x on a sustained basis.

Negative factors

- Decline in profitability or/ and increase in debt, leading to TD/PBILDT above 4.5x.
- The company's inability to report growth in revenue and profitability.

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

Analytical approach: Standalone

Outlook: Positive
'Positive' Outlook reflects CareEdge Ratings' expectation of sustenance of improvement in financial risk profile achieved in FY26 to be supported by the company's marketing and branding initiatives with high brand recall of "Crax" brand, its continued ability to successfully launch new products, the growing contribution from e-commerce channels, and its ongoing capacity expansion. The Positive outlook signals that a rating upgrade is likely in the medium-term contingent upon DFM sustaining the current trajectory of revenue and profitability growth, while maintaining a strong leverage and coverage profile. However, the outlook will be revised back to Stable in case of a contraction in PBILDT margins from current levels or deterioration in the capital structure.

Detailed description of key rating drivers:

Key strengths

Strong brand equity with established market position in northern India and expanding distribution footprint
DFM Foods has built a strong brand presence in the Indian packaged snacks segment through its flagship brand 'CRAX', introduced in 1984. Backed by sustained branding and marketing efforts in the last three decades, the company enjoys high brand recall, particularly in northern India. Its portfolio comprises over 22 products across snacks and namkeen categories. While the company initially targeted the children's segment with products such as Crax Rings, it has strategically diversified its offerings to cater to a broader consumer base. Recent additions, including namkeen variants and the launch of Crax Choco Rings, Mango Rings in FY26, To participate in the growing healthy snacking space, the company has also launched its "Zero" platform, which offers products such as potato chips, ethnic snacks, and nuts, that use zero palm oil, which are experiencing strong positive response from consumers, which underscore its focus on continuous innovation and portfolio expansion. With a wide and growing distribution network of over 3300 distributors across India, DFM is also actively strengthening its presence in eastern markets as part of its geographic diversification strategy.

Significant growth in TOI supported by product diversification
DFM reported TOI of ₹915.96 crore in FY26, registering a robust y-o-y growth of ~30% over ₹705.77 crore in FY25. This growth was primarily led by strong traction in newly launched products, particularly Crax Noodles and Crax-Pipes, introduced under the namkeen category in FY24. The company has a well-diversified product portfolio comprising snacks such as Crax Rings, Curls, Fritts, Natkhat, and a range of namkeens, potato chips and Ragi chips. Revenue contribution from Crax Corn Rings declined from over 40% in FY20 to ~20% in FY26, indicating successful de-risking the product mix and reduced reliance on a single offering. The company has scaled up its e-commerce presence, contributing ~10% to TOI in FY26.

PBILDT margins also improved from 1.26% in FY25 to 5.06% in FY26, mainly due to operating leverage with increase in scale of operations and largely stable raw material prices. The company experienced cost increases towards the end of FY26 and the start of FY27 due to the Iran war, however, was able to pass on the increased cost on most products. The company has achieved profitability at profit after taxation (PAT) level in FY26 (₹13.54 crore of PAT in FY26 against loss of ₹4.66 crore in FY25) after continuous losses in past 4-5 years.

Going forward, CareEdge Ratings expects the company to achieve steady revenue growth of over 20% in FY27 (flowed by ~30% growth achieved in FY26) and expected to sustain its profitability margins, supported by sales and marketing initiatives made over the past few years to strengthen its distribution network, its continued ability to successfully launch new products, and the growing contribution from e-commerce channels.

Improvement in debt coverage indicators
DFM's capital structure continues to remain moderate, with slight increase in overall gearing to 0.90x as on March 31, 2026, compared to 0.81x in the previous year, owing to additional lease liabilities which increased from ₹13.21 crore as on March 31, 2025, to ₹45.18 crore as on March 31, 2026, as the company enhances its manufacturing facilities with premises owned by third party, while machinery and process is owned by the company. However, despite increase in debt, credit metrics have strengthened, characterised by improvement in interest coverage ratio to reach 5.57x in FY26 from 1.43x in FY25, and TD/PBILDT to 2.23x in FY26 from 8.06x in FY25, indicating increased debt servicing ability. The total debt to GCA (TD/GCA) remained low at 2.91x in FY26 compared to 24.63x in FY25, reflecting comfortable internal accrual generation and improved financial flexibility.

Key weaknesses

High competition in fragmented industry limits pricing power

DFM operates in a highly fragmented and competitive snacks industry, facing pricing and market share pressure from established national players and agile regional brands. The commoditised nature of several product segments restricts significant price pass through, particularly in periods of elevated input costs, impacting profitability. In this context, product innovation and branding become critical to sustaining differentiation and volumes. While DFM improved in product diversification, inherent industry risk remains a credit constraint.

Volatility in raw material prices

Company's major raw materials are all agricultural products and include edible oil (refined palm oil), potatoes, rice, corn and gram among others. Dependency on the monsoons and weather conditions exposes the company's margins to fluctuations in raw material prices. As a large portion of India's palm oil requirement is met though imports, adverse regulatory changes impact its prices.

The gross margins have improved over the year at 44% for FY24 against 39% in FY23 and 37% in FY22 before declining in FY25 to 40.79%, due to adverse movement in raw material prices. However, gross margins again increased to 44.10% in FY26 with largely stable margins. In FY26, the PBILDT levels also improved as the company reported a positive PBILDT of ₹46.39 crore against ₹8.89 crore in FY25. Goin forward, the increase in palm oil prices are expected to have an adverse impact on the company's profitability. As most of the revenue is generated from sales of small-sized packs, which generally follows impulse buying behaviour, the company might be unable to fully pass on the increase in raw material prices amid intense competition.

Regional concentration and slow ramp-up of new capacities

Revenue concentration remains high, with ~78% of TOI derived from northern India, exposing the company to region-specific demand and distribution risks. While DFM has initiated efforts to diversify geographically, including commissioning manufacturing capacity in eastern India in FY24 and FY25 and southern India in FY26, the benefits from this expansion are expected to accrue gradually. Execution of this regional diversification and realisation of associated operating leverage will remain important for mitigating concentration risks in the medium term.

Liquidity: Adequate

DFM's liquidity position remains adequate, supported by an estimated GCA of over ₹50 crore in FY27 against scheduled debt repayment obligations of ₹15-16 crore. The company also has planned capital expenditure of ~₹150 crore in FY27-FY28 towards capacity enhancement, which is expected to be funded through a mix of internal accruals and debt. As on March 31, 2026, DFM maintained cash and liquid investments of ₹24.43 crore, providing additional liquidity support and financial flexibility.

The company's liquidity profile is further aided by its efficient working capital management, as reflected in a low collection period of around five days. However, its working capital borrowings remained moderately high, with average utilisation of fund-based limits at ~78% in FY26. Going forward, sustained improvement in operating profitability and generation of healthy internal accruals will remain critical to support the company's liquidity position and fund its growth plans.

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	Food products	Other food products

DFM was established in 1983 and is engaged in manufacturing, distributing, and marketing packaged foods under well-known brand 'CRAX'. As on March 31, 2026, the company's total installed capacity is 48,541 MTPA, including the capacity added at the Kurukshetra and Varanasi plant. DFM is currently promoted by Advent International – a global private equity (PE) firm.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	705.77	915.96
PBILDT*	8.89	46.39
Profit after tax (PAT)	-4.66	13.54
Overall gearing (x)	0.81	0.90
Interest coverage (x)	1.43	5.57

A: Audited UA: Unaudited; P: Provisional Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: No

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		-	-	30-09-2027	28.27	CARE BBB-; Positive
Fund-based - LT-Working Capital Limits		-	-	-	35.00	CARE BBB-; Positive
Fund-based/Non-fund-based-LT/ST		-	-	-	20.00	CARE BBB-; Positive / CARE A3

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	28.27	CARE BBB-; Positive	-	1)CARE BBB-; Stable (08-Jul-25)	1)CARE BBB; Negative (31-Oct-24)	1)CARE BBB; Negative (04-Dec-23)

								2)CARE BBB+; Stable (12-Sep-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	20.00	CARE BBB-; Positive / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (08-Jul-25)	1)CARE BBB; Negative / CARE A3 (31-Oct-24)	1)CARE BBB; Negative / CARE A3+ (04-Dec-23) 2)CARE BBB+; Stable / CARE A2 (12-Sep-23)
3	Fund-based - LT-Working Capital Limits	LT	35.00	CARE BBB-; Positive	-	1)CARE BBB-; Stable (08-Jul-25)	1)CARE BBB; Negative (31-Oct-24)	1)CARE BBB; Negative (04-Dec-23) 2)CARE BBB+; Stable (12-Sep-23)

LT: Long term; ST: Short term; LT/ST: Long term/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	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated: Not applicable

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	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.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

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About us:

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