

September 22, 2026

Flex Foods Limited: [ICRA]BB+ (Stable)/ [ICRA]A4+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term -Fund based – Term Loan	123.50	[ICRA]BB+ (Stable); assigned	RBI
Long Term/ Short Term- Fund based /Non fund based-Working capital facilities	45.00	[ICRA]BB+ (Stable)/ [ICRA]A4+; assigned	RBI
Long Term/ Short Term- Unallocated	1.50	[ICRA]BB+ (Stable) / [ICRA]A4+; assigned	RBI
Total	170.00		

*Instrument details are provided in Annexure I

#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.

Rationale

The ratings assigned to Flex Foods Limited (FFL), a manufacturer of natural and processed food ingredients, specialising in freeze-dried, air-dried, individually quick frozen (IQF), canned, and fresh agricultural products, favourably factor in FFL's strong parentage of the Uflex Limited (Uflex), a leading well integrated flexible packaging manufacturer with strong presence across domestic and international markets. Uflex 's/associate companies demonstrated financial support in the form of unsecured loans has enabled FFL to sustain operations and meet its funding requirements despite weak earnings in recent years. This was on account of stabilisation issues in initial years at its second manufacturing facility in Krishnagiri (Tamil Nadu), which commenced operations in October 2022. However, capacity utilisation at this facility has ramped up considerably over FY2026, driving the improvement in FFL's revenue and operating profitability. FFL has reported 23-28% YoY revenue in FY2025 and FY2026 and the momentum is expected to sustain in the current fiscal, while operating margins (8-9% in FY2026 vs -0.9% in FY2025) are also expected to witness further improvement over the near to medium term.

The ratings also draw comfort from FFL's established track record of over three decades in the processing and export of agricultural products. Over the years, FFL has developed longstanding relationships with customers in international markets and has obtained several globally recognised certifications relating to food safety, quality assurance, organic production and export compliance, supporting its acceptance in regulated export markets. Further, the company benefits from a well-established procurement network, with contractual arrangements across farmer groups. Additionally, the strategic location of its Dehradun (Uttarakhand) and Krishnagiri facilities supports sourcing efficiencies and product diversification.

However the ratings are constrained by the company's average financial risk profile. Despite an improvement in operating performance, FFL reported a relatively moderate operating income of around Rs. 192 crore in FY2026. The company's credit metrics remained weak, characterised by negative net profitability on account of high finance costs and mark-to-market foreign exchange losses. While interest on a substantial portion of loans from promoter group is accrued and not serviced through immediate cash outflows, the reported debt protection metrics remained weak. The capital structure also remains leveraged, with external bank debt of around Rs. 161.3 crore as on March 31, 2026. Nonetheless the debt protection metrics are expected to improve over the medium term aided by higher earnings and no material increase in debt levels. The ratings are also constrained by the company's exposure to raw material price volatility and agro-climatic risks. Further, the presence

of euro-denominated long-term borrowings and sizeable foreign currency receivables exposes profitability to currency fluctuations. While sizeable level of exports provide a degree of natural hedge, adverse currency movements and changes as well as changes in food safety regulations and import policies in key overseas markets can impact the company's earnings.

The Stable outlook on the long-term rating reflects ICRA's expectation that FFL will continue to benefit from the funding support from its parent, while steady growth revenues and earnings are expected to drive the improvement in its credit metrics

Key rating drivers and their description

Credit strengths

Strong parentage of Uflex Group with continued financial support – Uflex holds 47.5% stake in FFL and over the years the Uflex/associate companies have continued to provide funding support in the form of unsecured loans to FFL. These have increased to around Rs. 146.9 crore as on March 31, 2026 as against Rs. 25.0 crore as of March 31, 2022. Additionally, the company benefits from the flexibility to accrue interest obligations on these loans, thereby reducing near-term debt servicing requirements. ICRA expects the Uflex Group to continue to provide funding support to FFL, as and when required.

Established operational track record in the processing of agricultural food products - FFL has an established presence of over three decades in the processing and export of value-added agricultural food products, including freeze-dried, air-dried and IQF fruits and vegetables. Its long operating history, diversified product portfolio, advanced processing capabilities and established customer relationships across export markets support business stability and customer retention.

Strong network of farm procurement and strategic locational advantage - The company benefits from a well-established procurement network comprising farmers, contract growers and aggregators, ensuring access to quality raw materials. Further, its manufacturing facilities in Uttarakhand and Tamil Nadu are strategically located near key cultivation regions, supporting sourcing efficiencies, lower logistics costs and operational flexibility across product categories.

Credit challenges

Average financial risk profile - FFL's financial risk profile remains constrained by its relatively moderate scale of operations, leveraged capital structure and weak debt coverage indicators. Despite improvement in revenues and operating profitability in FY2026, debt protection metrics remain modest owing to high debt levels, sizeable finance costs and accumulated losses, although continued promoter support provides some comfort.

Profitability exposed to volatility in raw material price - The company's profitability remains vulnerable to fluctuations in the prices and availability of key agricultural commodities such as fruits, vegetables, herbs and mushrooms. Earnings are affected by seasonal factors, crop yields and procurement prices, while the ability to immediately pass on input cost increases remains limited due to the competitive nature of export markets.

Vulnerable to agro-climatic risk, regulatory risks and adverse forex fluctuations - FFL remains exposed to adverse weather conditions, crop-related disruptions and changes in agricultural output that can affect raw material availability and pricing. Further, its export-oriented business profile exposes it to changes in food safety regulations, international trade policies and foreign exchange movements, which could impact profitability and cash flows.

Environmental and social risks

The company's operations are exposed to environmental risks arising from adverse weather conditions, changing crop patterns, water availability issues and other agro-climatic factors, which can impact the availability, quality and pricing of raw materials, thereby affecting profitability and cash flows. Further, compliance with stringent food safety, quality, traceability and sustainability requirements remains critical, particularly as exports accounted for a significant proportion of revenues in FY2026. The company's strong farmer network, multiple internationally recognised certifications and adherence to global food safety standards support its market access and customer relationships across regulated overseas markets, thereby mitigating

business risks associated with changing customer and regulatory requirements. Any significant non-compliance with food safety, product quality or sustainability standards could adversely affect customer retention, export eligibility and earnings.

Liquidity position: Adequate

The company's liquidity profile is adequate with expected improvement in cash flow from operations, cash/liquid investments of approximately Rs. 1.7 crore as on March 31, 2026 and continued funding support from promoter group as and when required. FFL has moderate capex requirements of Rs. 3-5 crore per annum and debt repayment obligations of around Rs. 26.5 crore annually in FY2027 and FY2028 which are expected to be funded through improvement in earnings as well as continued funding support from the parent group, if required.

Rating sensitivities

Positive factors - ICRA could upgrade the ratings if Flex Foods demonstrates a sustained improvement in its scale of operations and profitability driven by steady ramp up of the manufacturing facilities, leading to an improvement in its credit metrics. Additionally strengthening of the credit profile of the parent would also be a positive for the ratings.

Negative factors - Pressure on the ratings could arise if there is considerable pressure on revenue and earnings, sizeable debt-funded capex, or considerable increase in working capital requirements, resulting in moderation in the company's financial risk profile. Additionally, weakening of the credit profile of the parent or any material weakening of FFL's linkages with its parent would also lead to downgrade of the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The ratings assigned to FFL factor in the likelihood of support from its parent, Uflex Limited.
Consolidation/Standalone	Standalone.

About the company

Flex Foods Limited (FFL) is a Uflex Group company, with Uflex Limited holding a 47.15% stake as of June 2026. FFL is a leading Indian manufacturer and exporter of natural and processed food ingredients, specializing in freeze-dried, air-dried, individually quick frozen (IQF), canned, and fresh agricultural products. The company operates manufacturing facilities at Dehradun (Uttarakhand) and Krishnagiri (Tamil Nadu), enabling it to cater to a diversified global customer base comprising food ingredient companies, food processors, and distributors across multiple geographies.

FFL is listed on the BSE Limited and the National Stock Exchange of India (NSE), providing access to capital markets and enhancing its corporate governance and disclosure standards. The company benefits from its association with the Uflex Group, while maintaining an independent operating and financial profile as a publicly traded entity.

Key financial indicators (audited)

FFL (Standalone)	FY2025	FY2026
Operating income	150.0	192.0
PAT	-32.5	-31.8
OPBDIT/OI	-0.9%	8.7%
PAT/OI	-21.7%	-16.6%
Total outside liabilities/Tangible net worth (times)	7.9	40.2

FFL (Standalone)	FY2025	FY2026
Total debt/OPBDIT (times)	-200.8	18.5
Interest coverage (times)	-0.1	0.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: 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

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 22, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term Loan	Long term	123.50	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund based /Non fund based-Working capital facilities	Long Term/ Short Term	45.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-	-	-	-
Long Term/ Short Term- Unallocated	Long Term/ Short Term	1.50	[ICRA]BB+ (Stable) / [ICRA]A4+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term -Fund based – Term Loan	Simple
Long Term/ Short Term- Fund based /Non fund based-Working capital facilities	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator [#]
NA	Fund based – Term Loan	10 October, 2022	6M Euribor + 1.75%	31 March, 2030	123.50	[ICRA]BB+ (Stable)	RBI
NA	Fund based /Non fund based-Working capital facilities	NA	NA	NA	45.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	RBI
NA	Long Term/ Short Term- Unallocated	NA	NA	NA	1.50	[ICRA]BB+ (Stable) / [ICRA]A4+	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis - Not Applicable

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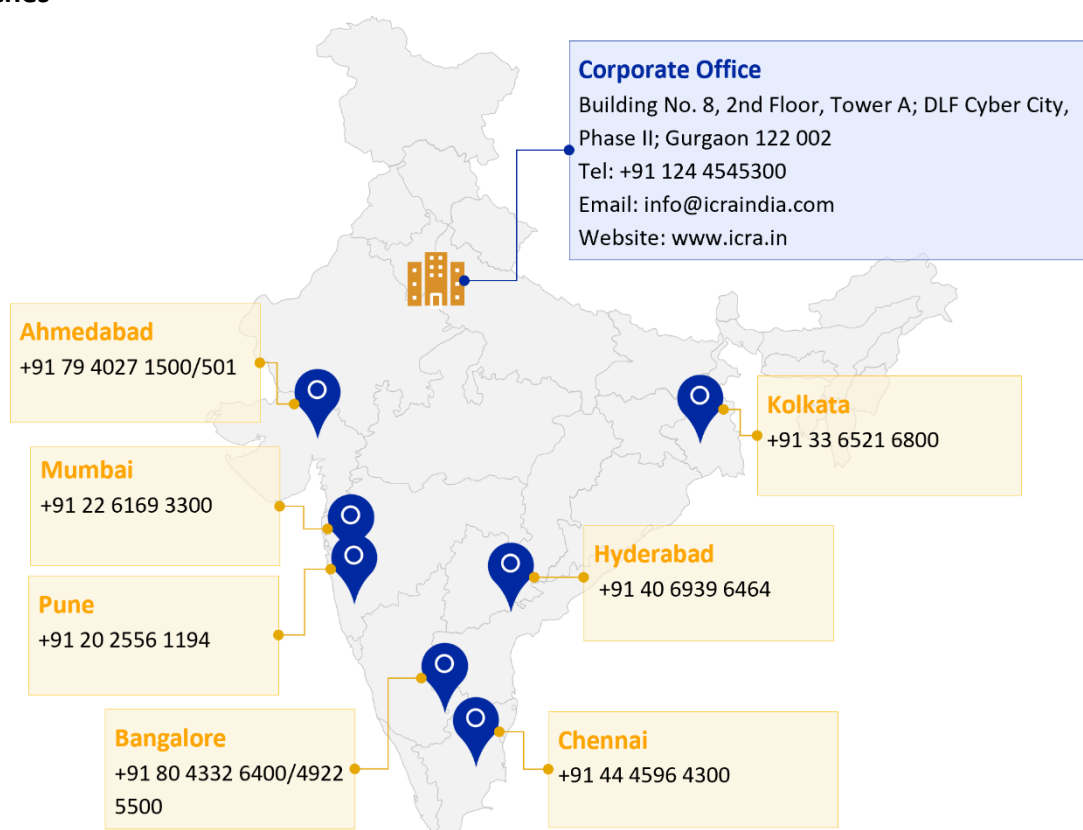
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