

February 02, 2026

## Parcon India Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund based limits – Cash credit	50.00	50.00	[ICRA]A- (Stable) reaffirmed
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating continues to reflect the favourable business risk profile of Parcon India Private Limited (PIPL), considering the regulated nature of the tea auction process governed by the Tea Board of India, and its established market position as the second-largest broker in the North Indian tea auction market.

The rating factors in PIPL's highly diversified client base, comprising some of North India's largest and established bulk tea players, which supports business stability. Further, comfort is drawn from the company's favourable financial risk profile, reflected in a conservative capital structure and adequate debt coverage indicators. A significant increase in tea prices during FY2025 helped improve the company's profitability over FY2024. While the moderation in tea prices in the ongoing fiscal is expected to exert some pressure on the margins, higher sales volume is likely to partly offset the impact. Consequently, the debt coverage indicators are expected to remain comfortable with interest coverage of 3.5-4.0 times and DSCR of 3.0-3.5 times in FY2026.

The rating is, however, constrained by the company's relatively small scale of operations, its low net worth base of around Rs. 31 crore as on March 31, 2025 and the risk of commodity concentration on a single agro-commodity – tea. PIPL's business also depends on the performance of the bulk tea players, which are vulnerable to industry cyclicality and agro-climatic risks.

The rating also factors in PIPL's high working capital requirement (WC) during the peak season owing to the trade advances extended to producers. However, the trade advances result in sizeable interest income for the company, supporting the overall profits and cash accruals. Additionally, ICRA notes that PIPL's exposure to counterparty risks for the recovery of commission is mitigated by the regulations in tea auctions, which enable the company to have the custody of tea and route the sales proceeds after adjusting for the brokerage and advances extended to the sellers, if any.

The Stable outlook on the long-term rating reflects ICRA's opinion that PIPL would continue to generate healthy cash flows relative to its debt service obligations by leveraging on its established track record of operations in the North India tea auction.

### Key rating drivers and their description

#### Credit strengths

**Established market position in tea broking business with highly diversified client base** - PIPL is involved in the tea broking business since 1991. It has scaled up its operations considerably and is now the second-largest tea broking company, accounting for around 21% of the total auction sales (in terms of volume) in North India. PIPL's top clients include some of the large and established bulk tea and packet tea companies in India. A diversified client base reduces the vulnerability of PIPL's operations to the fortunes of any single, large tea producer/buyer.

**Low-risk business model as tea broking is a regulated industry under the purview of Tea Board of India** – The Tea Board of India regulates the tea auction process that includes the auction mechanism, movement of tea and sales proceeds. This favourably impacts the business profile of the company. Tea brokers, including PIPL, earn a commission income (from both

buyers and sellers) for handling tea in the auctions. In addition, the company earns interest on trade advances extended to some tea producers against the custody of saleable tea through auction.

**Favourable financial risk profile, conservative capital structure and comfortable level of coverage indicators** – The capital structure of the company has remained conservative over the past few years, primarily on the back of low reliance on external debt. Its gearing stood at 0.2 times and TOL/TNW at 0.9 times as on March 31, 2025. Moreover, ICRA notes that the company's net debt (total debt less free cash and liquid investments) remained negative as on March 31, 2025, which is likely to continue in the near-to-medium term. With the interest income being more than the outgo, the company's net interest payout is also estimated to remain negative, as before. The healthy profits as well as cash accruals from the business and a reduced debt level due to partial pay-off of unsecured loans are expected to strengthen the company's debt protection metrics in the current fiscal. ICRA does not foresee any major deterioration in its capital structure and coverage indicators, going forward.

### Credit challenges

**Relatively small scale of current operations and lower net worth base** - PIPL's primary source of revenue is brokerage/commission from sellers and buyers of tea in the auction. The company's scale of operations continues to be relatively small. The overall price level, however, will be lower in the current fiscal, resulting in reduced brokerage commissions on a per kg basis. However, the increase in volumes will partly offset this decline. Additionally, the trade advances result in sizeable interest income for the company, supporting the overall profits and cash accruals. In the current fiscal, the total revenue, including the trade advances, is expected to decline marginally (~3-5%) compared to a ~28% improvement in the last fiscal. ICRA also notes that PIPL's net worth remained relatively low at around Rs. 31 crore as on March 31, 2025.

**Exposure to commodity concentration risk** - PIPL's business entirely depends on a single agro commodity –tea. Hence, its business performance would primarily depend on the performance of the bulk tea industry, which exhibits cyclicity and is exposed to agro-climatic risks.

**High working capital requirement for extending trade advances in tea broking business** - As the company is in the business of tea broking, it does not carry any inventory on its books. However, PIPL extends trade advances to the tea producers, resulting in high working capital requirement during the peak season. Nevertheless, the advances are secured against adequate stock of tea, which mitigates the risk of delinquency. The broker checks the payment from the buyer before remitting it to the seller. Hence, PIPL reports debtors and creditors at the gross levels as an industry practice. In absolute terms, both the balances closely follow each other, which generally keep the company's working capital intensity low.

### Liquidity position: Adequate

The company is likely to generate significant positive cash flow from operations in the current fiscal, supported by robust volume and stable interest income from advances. The average utilisation of the fund-based working capital limits of the company stood at around 38% during the last 15 months ended December 2025. PIPL also had a sizeable free cash/bank balance of around Rs. 24 crore as on March 31, 2025. In view of the adequate cash flow from operations, surplus cash/bank balance, undrawn working capital facilities and absence of any major planned capital expenditure programme, ICRA expects the overall liquidity position of the company to remain adequate, going forward.

### Rating sensitivities

**Positive factors** – ICRA may upgrade PIPL's rating if the entity demonstrates a substantial increase in its scale of operations while improving its profitability and cash flows on a sustained basis. A significant build-up of net worth along with the lowering of reliance on external debt to part fund its trade advances during the year may also lead to an upgrade.

**Negative factors** – Pressure on PIPL's rating may arise in case of any material loss of market share to competitors or any significant write-offs of receivables, impacting its financial risk profile. A large reliance on external funding, leading to a stretched capital structure on a sustained basis, will also be a credit negative.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the company.

## About the company

Parcon India Private Limited (PIPL), incorporated in 1986, is registered as a broker and auctioneer with the Tea Board of India across four North India tea auction houses – Kolkata, Siliguri, Jalpaiguri and Guwahati. It is an established tea broker in North India and its top clients include some of the large established bulk tea companies. The company started its operations in 1991.

### Key financial indicators (audited):

PIPL Standalone	FY2024	FY2025
Operating income	25.7	32.8
PAT	1.5	4.6
OPBDIT/OI	17.6%	28.9%
PAT/OI	5.7%	14.1%
Total outside liabilities/Tangible net worth (times)	0.8	0.9
Total debt/OPBDIT (times)	1.2	0.8
Interest coverage (times)	3.0	3.7

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

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Feb 02, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	50.00	[ICRA]A-(Stable)	24-Dec-24	[ICRA]A-(Stable)	24-Nov-23	[ICRA]A-(Stable)	16-Sep-22	[ICRA]A-(Stable)
Unallocated limits	Long term	-	-	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term –Fund based limits –Working capital facilities	Simple

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
NA	Cash credit	-	-	-	50.00	[ICRA]A-(Stable)

Source: Company

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

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

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## 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](http://www.icra.in)

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