

June 22, 2026

## Parakh Agro Industries Limited: Long-term rating reaffirmed; Short-term rating upgraded to [ICRA]A1; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Cash credit	127.00	177.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Long-term – Fund based – Term loans	8.26	0.00	-
Short-term – Non-fund based – Others	42.00	15.00	[ICRA]A1; upgraded from [ICRA]A2+
Long-term/Short-term – Unallocated limits	0.24	0.00	-
<b>Total</b>	<b>177.50</b>	<b>192.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The short-term rating upgrade factors in the sustained strengthening in Parakh Agro Industries Limited's (PAIL) liquidity position, as reflected by a significant increase in its cash flow from operations and a meaningful build-up in free cash and liquid investments in FY2026 (provisional), and ICRA's expectation that it would remain strong, going forward. Further, the average working capital utilisation in FY2026 stood at a relatively lower level of around 23%, providing adequate liquidity buffer.

The ratings also derive comfort from the established position of PAIL as one of the major wheat processors in India with a strong presence of its 'Samrat' brand. ICRA positively factors in PAIL's established distribution network in western India as well as its strong domestic procurement network. The company's operating margin improved to around 4.0% in FY2026 (provisional) from 3.6% in FY2025, primarily led by a decline in the procurement costs of its raw materials in the food division. Rupee depreciation also supported the company's margins in FY2026, given its export exposure. Limited value addition to the wheat milling business results in inherently modest margins for the food products division. Nevertheless, stable margins and low reliance on external debt would enable the company to maintain comfortable debt coverage indicators in the future. PAIL has no major capex plans in the near term. The ratings also continue to factor in the extensive experience of the promoters in this line of business. The ratings also reflect PAIL's business diversification through its presence in the food product and packaging businesses. PAIL also benefits from the business synergies with its sister company, Parakh Food & Oil Limited (PFOL), with which it shares the 'Samrat' brand, a common distribution network and sales team. The ratings also factor in the favourable long-term outlook for the organised agro-processing industry, given the changing lifestyles, increasing purchasing power and penetration of modern trade.

The ratings are, however, constrained by the exposure of PAIL to commodity price cycles. The ratings also continue to factor in the intensely competitive nature of the agro-processing industry with limited value addition and the company's geographical concentration towards western India. The packaging division contributes around 20% to the company's revenues, with its growth and margins exposed to current volatility in crude oil derivative-based raw material prices, which could influence the company's overall performance. ICRA also notes the company's susceptibility to agro-climatic conditions, commodity price cycle and currency movements. As the company is present in the food industry, its quality and reputation related risks are high, which could impact the company's pricing strength and business.

The Stable outlook reflects ICRA's expectation that PAIL will continue to benefit from the extensive experience of the promoters along with the established brand presence of 'Samrat', particularly in western India.

## Key rating drivers and their description

### Credit strengths

**Established position with reputed brand in wheat flour and allied products** – The company markets its products, primarily wheat flour (atta), refined flour (maida) and semolina (rawa/sooji) to wholesalers and retailers in western and southern India (mainly Maharashtra, Goa and Karnataka) under the ‘Samrat’ brand. The ‘Samrat’ brand enjoys an established position and good recall in the markets served by the company. It also markets its products under unregistered brands like ‘Parakh Mills’, ‘Bigul’, ‘Nimrani’ and ‘Nimraja’. As PAIL caters to a diversified customer base comprising retailers, dealers and wholesale agents, its customer concentration risk remains low, with no single customer contributing more than 5% to its overall sales. It has a strong distribution network of 350-400 distributors and around 1.25 lakh retailers. The company has also added reputed customers for its packaging division, profit margins from which are higher than the food division.

**Conservative capital structure and comfortable debt protection metrics and strong liquidity** – PAIL’s financial profile remains comfortable with a gearing of 0.2 times and an interest coverage and TD/OPBITDA of 9.0 times and 0.9 times, respectively as on March 31, 2026 (provisional). ICRA expects the company’s debt protection metrics to remain comfortable over the near term, given its low dependence on external borrowings.

**Stable demand from staple foodgrains market; strong distribution reach and established local brand** – The market in which PAIL operates remains highly fragmented, with the presence of several organised and unorganised players. However, the demand is stable with all its products forming essential constituents of the consumers’ daily diet. It has built a strong marketing and distribution network in Maharashtra, facilitating the company’s sales. The company makes 100% branded sales of its products of which around 20% are institutional sales and the balance is retail in the B2C segment.

### Credit challenges

**Exposed to agro commodity price cycle, leading to volatility in operating margins along with susceptibility to quality-related risks** – Wheat is the key raw material for the company. Thus, it remains exposed to the agro-climatic conditions in the country and regulations related to procurement or pricing of agro commodities. Additionally, the company imports granules for its packaging division. However, it is currently procuring a majority of its requirements locally, considering heightened volatility in prices driven by geopolitical developments. Lack of any formal hedging practices exposes it to the foreign currency fluctuations risk. However, the same is mitigated by the natural hedge provided through export. As the company is present in the food industry, its quality and reputation related risks are high, which could impact the company’s pricing strength and business.

**Limited value addition and intense competition result in thin operating margins** – The company operates in a competitive and fragmented industry. Even though it benefits somewhat from its established relationships with its customers and strong brand, its vulnerability to raw material price volatility and limited value addition in its operations led to low profitability indicators over the years.

**Concentrated in western India, leading to geographical concentration risk** – PAIL’s ‘Samrat’ brand has a strong regional presence with a healthy market share in Maharashtra and adequate market share in Karnataka and Goa. Almost 80% of the company’s sales are derived from Maharashtra and the rest through Karnataka and Goa, supported by strong brand loyalty. Thus, the company’s geographical concentration in Maharashtra is expected to persist over the medium term.

## Liquidity position: Strong

The company's liquidity profile remains Strong, underpinned by healthy cash and cash equivalents (around Rs. 28 crore as on March 31, 2026, provisional) and adequate unutilised credit lines, as reflected in the low average working capital utilisation of around 23% in FY2026. Further, its cash flow from operations witnessed a significant improvement in FY2026 (provisional), driven by a decline in working capital requirements. The company also has minimal long-term debt repayment obligations. The company's cash flow from operations is expected to moderate to an extent in FY2027, with a likely increase in its working capital intensity of operations, but it would still remain positive and improve gradually thereafter. The company also does not have any other major capex plans in the near term.

## Rating sensitivities

**Positive factors** – ICRA could upgrade PAIL's ratings if the company demonstrates a material improvement in its scale and earnings while maintaining a comfortable liquidity position on a sustained basis.

**Negative factors** – Pressure on PAIL's ratings could arise if there is a decline in the company's revenue and profitability on a sustained basis, resulting in a deterioration in its liquidity. Specific credit metrics that could lead to ratings downgrade include an interest coverage of less than 4.0 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

## About the company

PAIL mainly manufactures and sells agro-based products like wheat flour (*atta*, *maida* and *sooji*) and gram flour in the domestic market. The company markets its wheat flour products under 'Samrat', 'Nimrani', 'Bigul' and 'Nimraja' brands. PAIL has also set up a flexible packaging plant for food products. It has also installed windmills at Dhule (six turbines) with a total energy generation capacity of 8.3 MW. The company shares the 'Samrat' brand and the common distribution network with its sister concern, Parakh Foods and Oil limited (PFOL), which is owned and managed by Mr. Prakash Parakh (and his family), brother of PAIL's MD, Mr. Suresh Parakh.

## Key financial indicators (audited):

Parakh Agro Industries Limited	FY2024	FY2025	FY2026*
Operating income	1,331.6	1,499.9	1,609.5
PAT	22.7	30.3	32.4
OPBDIT/OI	4.2%	3.6%	4.0%
PAT/OI	1.7%	2.0%	2.0%
Total outside liabilities/Tangible net worth (times)	1.1	0.8	0.6
Total debt/OPBDIT (times)	1.9	1.7	0.9
Interest coverage (times)	7.3	6.7	9.0

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 \*Provisional

**Status of non-cooperation with previous CRA:**

CRA	Status	Date of Release
CARE Ratings	CARE BBB (Stable)/CARE A3; Rating continues to remain under ISSUER NOT COOPERATING category – Ratings reaffirmed and withdrawn	May 30, 2025

**Any other information: None**
**Rating history for past three years**

Instrument	Current Ratings (FY2027)			Chronology of Rating History for the Past 3 Years					
	Type	Amount Rated (Rs. crore)	Date & Rating	FY2026		FY2025		FY2024	
			Jun 22, 2026	Date	Rating	Date	Rating	Date	Rating
1 Cash credit	Long-term	177.00	[ICRA]A-(Stable)	-	-	Mar 31, 2025	[ICRA]A-(Stable)	Dec 13, 2023	[ICRA]BBB+(Stable) Withdrawn
2 Term loans	Long-term	-	-	-	-	Mar 31, 2025	[ICRA]A-(Stable)	Dec 13, 2023	[ICRA]BBB+(Stable) Withdrawn
3 Non-fund based – Others	Short-term	15.00	[ICRA]A1	-	-	Mar 31, 2025	[ICRA]A2+	Dec 13, 2023	[ICRA]A2 Withdrawn
4 Unallocated limits	Long-term/Short-term	-	-	-	-	Mar 31, 2025	[ICRA]A-(Stable)/[ICRA]A2+	Dec 13, 2023	[ICRA]BBB+(Stable)/[ICRA]A2 Withdrawn

**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 the regulatory purview of various Financial Sector Regulators (FSRs), 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 the regulatory purview of various FSRs, 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 FSRs other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based – Cash credit	Simple
Short-term – Non-fund based – Others	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	NA	7.70%	NA	177.00	[ICRA]A- (Stable)
NA	Others (Buyer Credit)	NA	NA	NA	15.00	[ICRA]A1

Source: Company data

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

### Annexure III: 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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