

June 30, 2026

## Patanjali Foods Limited: Long-term rating upgraded to [ICRA]AA- (Stable) and short-term rating reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/Non-fund based limits	1,625.00	-	-
Long-term – Fund-based Limits – CC/WCDL	-	1,575.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+(Stable) and assigned for enhanced amount
Short-term – Non-fund based limits-LC/BG/BC	2,000.00	2,700.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Long-term/Short-term – Non-fund based – Forward cover	-	150.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+(Stable) assigned for enhanced amount and [ICRA]A1+; reaffirmed and assigned for enhanced amount
Long-term – Interchangeable	-	(75.00)	[ICRA]AA- (Stable); assigned
<b>Total</b>	<b>3,625.00</b>	<b>4,425.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating upgrade factors in the expected strengthening of the business profile of Patanjali Foods Limited (PFL), supported by the increasing scale of its FMCG<sup>1</sup> and palm plantation businesses. The anticipated expansion of these businesses over the medium term is likely to not only augment the overall earnings base but also enhance its stability, thereby mitigating the margin volatility inherent in the relatively larger (by revenues) edible oil refining business. In FY2026, PFL reported revenue of Rs. 40,169 crore, reflecting a growth of around 17% over FY2025. The edible oil segment remained the largest revenue contributor, accounting for around 72% of the company's revenues, with segment revenues of Rs. 28,960 crore, reflecting a growth of around 17% over FY2025. However, given the inherently low-margin nature of the edible oil refining business, its contribution to profitability is still lower than its revenue share. With the integration of the HPC<sup>2</sup> business in November 2024 and the scale-up of the broader FMCG portfolio, revenues from the FMCG segment increased by 15.3% to Rs. 11,188.25 crore in FY2026, accounting for around 27% of overall revenues. The FMCG and HPC businesses are margin accretive, supported by strong brand positioning, premiumisation and a diversified product portfolio, and collectively contributed a sizeable share of around 60% to PFL's overall operating profitability in FY2026. Further, the palm plantation business continues to scale up with an increasing share of plantations entering the mature (prime) yielding phase and currently contributes around 50% of the edible oil segment's operating profitability, thereby supporting the company's overall profitability profile. The anticipated expansion of the FMCG and palm plantation businesses over the medium term is expected to augment PFL's earnings base and enhance its stability, thereby partly mitigating the margin volatility inherent in the relatively larger edible oil refining business.

The ratings also derive comfort from PFL's strong market position and portfolio of established brands across categories. The company enjoys a sizeable presence in the branded edible oils market and has built a differentiated positioning in the FMCG

<sup>1</sup> FMCG – Fast-moving consumer goods

<sup>2</sup> HPC – Home & personal care

and HPC<sup>3</sup> segments, supported by the Patanjali brand and its association with ayurveda and natural alternatives. PFL is the second-largest player in India's branded edible oil market, the market leader in the palm oil segment and the second-largest player in the soybean oil segment. It also enjoys a strong position as a market leader in multiple FMCG categories, including soya protein, biscuits, oral care, cow ghee and honey. The breadth of the product portfolio and the company's healthy market standing across segments are expected to continue supporting revenue growth and business resilience.

The company's financial profile remains strong, characterised by low dependence on external debt, healthy capitalisation and robust coverage metrics. As on March 31, 2026, PFL had working capital borrowings of Rs. 2,783 crore and no term loans. This apart, the company does not expect any major debt addition, with an annual capital expenditure (capex) of Rs. 150 crore which is likely to be securely funded by internal accruals. Consequently, ICRA anticipates that the credit profile will remain supported by its comfortable leverage, strong liquidity and healthy debt protection metrics.

PFL's credit profile, however, remains exposed to inherent business risks in the edible oil segment, which still constitutes a major share of its revenues. The profitability of this business continues to be susceptible to volatility in crude and refined edible oil prices, risks of inventory losses, changes in import duties, currency fluctuations and the possibility of supply disruptions, given the high dependence on imports, apart from the intense competitive pressures in the segment. While the company mitigates a part of these risks through commodity and foreign currency hedging mechanisms, the possibility of unexpected losses in this business cannot be entirely ruled out. Nevertheless, the strong balance sheet and low financial leverage provide a cushion against any adverse impact arising from such events. Further, while the FMCG segment lends stability to the company's overall earnings profile, it is also exposed to high competitive intensity, both from established multinational companies as well as large domestic players, which could constrain pricing flexibility and market share gains. In addition, demand growth in this segment remains vulnerable to moderation during periods of unfavourable macroeconomic conditions, such as elevated inflation, which can impact consumer spending patterns.

ICRA also notes the close operational and management linkages between PFL and other entities within the Patanjali group. The company procures a part of its raw materials and packaging materials from group entities and also avails services such as logistics and security from them. Moreover, some of the key manufacturing facilities of PFL and other group companies are located within the same food park. In addition, Swami Ramdev and Acharya Balkrishna, who are non-executive directors on the Board of PFL, are also the founders and key functionaries of other group entities. While these linkages provide operational and financial flexibility to the company, ICRA also notes that ongoing litigations involving the parent company and key management personnel of the Patanjali group could affect the overall Patanjali brand and, thereby, PFL in an unforeseen manner. Any adverse change in the company's financial policy, including high-dividend payouts or elevated royalty payments to the detriment of its credit profile, would remain an additional monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that PFL will continue to maintain its healthy credit profile, supported by robust cash flow from operations, comfortable capital structure and credit metrics. This is expected to be aided by its well-established brand presence, diversifying product portfolio and a strong distribution network.

## Key rating drivers and their description

### Credit strengths

**Strong market position supported by established brands and large, growing distribution network** – PFL has established a strong market position across the edible oil, FMCG and HPC businesses, supported by a portfolio of established brands such as Ruchi Gold, Mahakosh, Nutrela, Dant Kanti, Kesh Kanti and Doodh/Nariyal. The company remains the second-largest player in India's branded edible oil market, with an estimated market share of 9–10% and also enjoy healthy positioning in categories such as soya protein, biscuits, cow ghee, honey, oral care and natural/herbal care products. Its business profile is further supported by a large and expanding distribution network, including Patanjali Chikitsalayas, Arogya Kendras, mega stores and over two million retail touchpoints across urban and rural markets. The continued expansion of distribution reach, scale-up of

the higher-margin HPC portfolio, increasing contribution from branded edible oils and focus on premiumisation are expected to back PFL's revenue growth and improve the stability of its earnings profile over the medium term.

**Growing diversity of business profile** – PFL's business profile has diversified meaningfully, supported by the acquisition and integration of various FMCG and HPC businesses from Patanjali Ayurved Limited (PAL). The FMCG segment, including HPC, contributed around Rs. 11,188 crore in FY2026, accounting for around 28% of overall revenues, and is expected to scale up further over the medium term, backed by wider distribution reach, product innovation, premiumisation and increasing contribution from higher-margin categories. The growing share of FMCG/HPC and the continuing scale-up of the oil palm plantation business, which contributed EBITDA of around Rs. 357 crore in FY2026, are expected to improve earnings stability and partly mitigate the inherent volatility associated with the edible oil business.

**Healthy financial profile marked by low leverage, comfortable coverage metrics and strong liquidity** – PFL's financial profile remains healthy, supported by low leverage, absence of term debt, strong coverage indicators and robust liquidity. As on March 31, 2026, the company had total debt of around Rs. 2,789 crore, largely working capital borrowings, with Total Debt/OPBDITA of 1.6x, interest cover of 13.5x and debt service coverage ratio (DSCR) of 15.7x in FY2026. The increase in debt was primarily due to higher working capital requirements amid elevated inventory and advances, and it is expected to normalise over the near term. The liquidity position remains strong, supported by cash and liquid investments of around Rs. 792 crore, unutilised working capital limits of around Rs. 376 crore, no scheduled term debt repayments and moderate annual capex requirements of about Rs. 150 crore, which are anticipated to be funded through internal accruals.

### Credit challenges

**Profitability remains susceptible to high competitive intensity** – PFL operates in highly competitive edible oil, FMCG and HPC categories, with competition from large and organised players as well as fragmented regional/unorganised participants, which can restrict pricing flexibility, particularly in price-sensitive and commodity-linked categories. While the company enjoys healthy market positioning across several product segments, including edible oils, soya protein, biscuits, cow ghee, honey, oral care products, increased competitive intensity in categories such as Nutrela, cow ghee, biscuits and herbal/natural care products may constrain margin expansion. Nonetheless, PFL's focus on premiumisation, product innovation, wider distribution reach and higher contribution from margin-accretive HPC and ethnic foods categories is expected to support its profitability over the medium term.

**Susceptibility of the edible oil business to price, inventory and currency risks** – PFL's profitability remains exposed to volatility in crude and refined edible oil prices, inventory holding risks, foreign exchange (forex) movements, changes in import duties and supply disruptions, given the structurally import-dependent nature of the edible oil industry and the segment's sizeable revenue contribution. The company's edible oil margins have remained volatile in the past, with FY2025 benefiting from inventory gains in a rising price environment, followed by normalisation of margins in FY2026. While PFL mitigates these risks through partial commodity/forex hedging, inventory management, diversification into FMCG/HPC and increasing backward integration through its oil palm plantation business, unexpected movements in commodity prices or policy changes could still adversely impact profitability.

**Litigation risks faced by parent and key management personnel of the Patanjali Group** – PFL is exposed to litigation risks stemming from ongoing legal proceedings involving its parent company and key management personnel of the Patanjali Group. Although these litigations have not had a material adverse impact on the company yet, they continue to pose a potential risk. Any negative developments could affect the Patanjali brand and, by extension, PFL, in unanticipated ways.

### Environmental and social risks

**Environmental considerations** – The industry remains indirectly exposed to physical climate risks, which could result in variations in availability of raw materials (such as fresh fruit bunches, edible oil, grains, sugar and fodder for livestock). The company also continues to be exposed to the impact of changes in environmental norms with respect to the treatment of manufacturing waste/residual discharge. Further, increasing awareness and restrictions on usage of different grades of plastics

for packaging and the need to find eco-friendly solutions could impact PFL’s cost structure. The company’s efforts to address some of the environmental considerations include generation of wind power at various locations in the country and the consumption of energy from renewable sources. It also uses biomass such as rice husk, mustard husk and palm fibre for meeting its energy requirements.

**Social considerations** – PFL, like most conglomerates, has a dependence on human capital, in terms of direct and indirect employees, contractual labour and a supplier ecosystem, which remains essential for disruption-free operations for the entity. The food business could have health implications for consumers, and any quality concerns could impact its brand name and result in additional costs for the company. For its palm oil plantation business, it is working with ~57,000 farmers and it sources 100% of the palm fruits produced by them to process palm oil.

### Liquidity position: Strong

PFL’s liquidity position is Strong, supported by expectations of a healthy cash flow generation in addition to cash, cash equivalents and liquid investments of Rs. 792.2 crore and unutilised working capital limits of Rs. 376.5 crore as on March 31, 2026. The company has no outstanding term loans and thus, no repayment obligations over the near-to-medium term. Moreover, ICRA expects its cash flows to be more than sufficient to fund the projected capex of around Rs. 150 crore per annum over the next two to three years.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded in case of a sustained improvement in PFL’s profitability and return metrics, aided by the increasing business diversity and growing plantation business, while maintaining healthy profitability, low financial leverage and comfortable liquidity.

**Negative factors** – Any sustained weakening of profitability or large debt-funded capex resulting in weakening of its credit profile or liquidity position can cause a rating downgrade. Any change in the financial policy of the company, such as through excessive dividend distribution or higher royalty payouts, at the detriment of the overall credit profile, would be an additional risk factor.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Edible Oil</a> <a href="#">FMCG</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of PFL. As on March 31, 2026, the company had three subsidiaries that are enlisted in Annexure-III.

### About the company

PFL, formerly known as RSIL, is a prominent player in the Indian edible oils and FMCG (including foods and HPC) industries. RSIL was established in 1986 with a focus on the edible oil and oil seeds sector (including palm plantations). However, in 2019, PAL, along with its Group entities (Patanjali Gramudhyog Nayas, Patanjali Parivahan Private limited and Yogakshem Sansthan), acquired RSIL through the CIRP<sup>4</sup> for around Rs. 4,350 crore. Subsequently, RSIL was renamed as PFL in June 2022. Subsequently, it acquired various FMCG businesses from PAL on a slump sales basis with an agreement to pay an agreed-upon royalty for the brand use for perpetuity. The biscuits vertical (includes biscuits, cookies, rusks, noodles and breakfast

<sup>4</sup> CIRP – Corporate Insolvency Resolution Process

cereals) was acquired in May 2021 for a consideration of Rs. 60 crore, followed by the acquisition of the food business (ethnic and staple food products) in July 2021 for Rs. 690 crore. In November 2024, PFL acquired the HPC segment (oral, skin, hair and home care) from PAL for a consideration of Rs. 1,100 crore.

PFL has manufacturing facilities at 26 locations across India catering to various business segments and includes refineries, seed/palm crushing units, integrated units, and manufacturing units for biscuits, foods and other FMCG products.

As on March 31, 2026, the promoters collectively held 68.25% stake in PFL, comprising PAL at 29.60%, Yogakshem Sansthan at 14.11%, Patanjali Parivahan Private Limited at 13.49%, Patanjali Gramudhyog Nayas at 11.03% and Ruchi Soya Industries Limited Beneficiary Trust at 0.02%.

### Key financial indicators (audited)

PFL (consolidated)	FY2025	FY2026*
<b>Operating income (OI)</b>	34,157.0	40,169.6
<b>PAT</b>	1,300.7	1,814.5
<b>OPBDIT/OI</b>	5.8%	4.4%
<b>PAT/OI</b>	3.8%	4.5%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.4	0.4
<b>Total debt/OPBDIT (times)</b>	0.4	1.6
<b>Interest coverage (times)</b>	20.8	13.5

Source: Company, ICRA Research; \*Abbreviated numbers; 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 (FY2027)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	June 30 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based/ Non-fund based limits</b>	Long term	-	-	May 26, 2025	[ICRA]A+ (Stable)	-	-	-	-
<b>Long-term – Fund-based limits – CC/WCDL</b>	Long term	1,575.00	[ICRA]AA- (Stable)	-	-	-	-	-	-
<b>Non-fund based limits</b>	Short term	2,700.00	[ICRA]A1+	May 26, 2025	[ICRA]A1+	-	-	-	-
<b>Non-fund based – Forward cover</b>	Long term/ Short term	150.00	[ICRA]AA- (Stable)/[ICRA]A1+	-	-	-	-	-	-
<b>Interchangeable limits</b>	Long term	(75.00)	[ICRA]AA- (Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based limits – CC/WCDL	Simple
Short-term – Non-fund based limits – LC/BG/BC	Simple
Long-term/Short-term – Non-fund based – Forward cover	Simple
Long-term – Interchangeable	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	Long-term – Fund-based Limits – CC/WCDL	NA	NA	NA	1,575.00	[ICRA]AA- (Stable)
NA	Short-term – Non-fund based limits – LC/BG/BC	NA	NA	NA	2,700.00	[ICRA]A1+
NA	Long-term/Short-term– Non-fund based – Forward cover	NA	NA	NA	150.00	[ICRA]AA- (Stable) / [ICRA]A1+
NA	Long-term Interchangeable	NA	NA	NA	(75.00)	[ICRA]AA- (Stable)

Source: Company

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

### Annexure III: List of entities considered for consolidated analysis

Company name	PFL's ownership	Consolidation approach
Rishikrishi Farming Private Limited	100.0%	Full consolidation
Contemporary Agro Private Limited	100.0%	Full consolidation
Ruchi Soya Industries Limited Beneficiary Trust	100.0%	Full consolidation

Source: Q4 FY2026 results of PFL

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