July 13, 2026

Parakh Foods and Oils Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund based – Cash credit	130.00	60.00	[ICRA]A (Stable); reaffirmed	RBI
Long-term – Fund based – Term loans	0.00	20.00	[ICRA]A (Stable); reaffirmed	RBI
Short-term – Non-fund based – Others	110.00	160.00	[ICRA]A1; reaffirmed	RBI
Total	**240.00**	**240.00**		

**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 reaffirmation of Parakh Foods and Oils Limited (PFOL) continues to factor in the extensive experience of the promoters and the company's established position in the food processing segment with a strong recall of its Samrat brand in Maharashtra, along with its established distribution network in the western region. The ratings factor in a significant improvement in the company's credit profile, reflected in a notable expansion in the operating profit margin and cash accruals, and strengthening of the capitalisation and coverage indicators, despite a 31% YoY decline in revenue to Rs. 1,100.6 crore in FY2026 (provisional). The edible oil business of the company was discontinued from August 2024 and sold off to Reliance Consumer Products Limited (RCPL). However, it is now being operated by PFOL and works as a contract manufacturer for RCPL. Although divestment of the edible oil refining business led to a sharp drop in the company's top line in FY2026, ICRA expects it would give stability to PFOL's profitability. Besides revenue from its food products business (gram flour, vatana flour, corn flour, pulses, etc.), PFOL derives rental income and conversion charges from RCPL, which are expected to continue until the transfer of edible oil business to RCPL is completed and the corresponding sale consideration is received. The ratings also derive comfort from the company's strong liquidity position, supported by sizeable cash and bank balances and low working capital intensity of operations. Significant cushion in the working capital limits would continue to support the company's cash flow position. Moreover, stable demand from staple food grain market and strong distribution network are likely to support its revenue growth, going forward. PFOL also benefits from the business synergies with its sister concern, Parakh Agro Industries Limited (PAIL), with which it shares the Samrat brand, a common distribution network and sales team (region specific). The company is also setting up a 400-TPD gram flour unit in Palava, Maharashtra, which is currently being funded through internal accruals. While the new facility would drive revenue growth and profitability upon successful commissioning, the company in the interim period would face project-related risks, including risk of plant stabilisation and attainment of the desired process and operating parameters.

The ratings, however, continue to remain constrained by PFOL's exposure to commodity price cycles associated with agro products, leading to volatility in margin. The ratings, also remain constrained by the highly competitive business segment, limiting margin expansion and high geographical concentration risk as a major portion of the sales is derived from Maharashtra. Further, intense competition in the food processing industry and limited value addition in the pulses milling business result in modest margin for PFOL. The company remains exposed to agro-climatic risks, which could affect raw material availability and prices along with regulatory risks associated with food-related items, which are essential commodities. Given its presence in the food industry, PFOL's quality and reputation-related risks are high, which could impact its pricing strength and business.

The Stable outlook on the long-term rating reflects ICRA's opinion that PFOL will continue to benefit from the established brand presence, particularly in Maharashtra, which are likely to support revenue growth while sustaining its favourable financial profile in the medium term.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in food processing industry – The extensive experience of the promoters and the financial flexibility they offer have supported PFOL's liquidity profile, as witnessed in the past. PFOL also benefits from business synergies with PAIL, its sister concern in the erstwhile Parakh Group, sharing the Samrat brand, a common distribution network and sales team.

Strong brand presence in Maharashtra – The company primarily markets its products, including gram flour, dried peas (vatana) flour and pulses, to wholesalers and retailers in western India (primarily Maharashtra, Gujarat, Madhya Pradesh and Karnataka) under the Samrat brand, as well as in unbranded bulk packs. Most of the company's brands, especially Samrat, enjoys strong recognition, particularly in Maharashtra and also commands a premium over competing products on account of its established market presence and superior quality. The company offers a diversified product portfolio comprising besan (gram flour), vatana flour (yellow peas flour), various pulses, gram dal and vatana dal, corn flour and corn grits.

Stable demand from staple food grain market; strong distribution network in the western region – PFOL's market is extremely fragmented, however, the demand is stable as all its products are essential constituents of consumers' daily diet. It has built a strong marketing and distribution network in the western region, facilitating the company's sales. The company has a strong network of distributors and wholesalers, catering to more than 1 million retailers. This strong distribution network helps the company increase its branded sales through the same value chain.

Financial profile characterised by a conservative capital structure, healthy debt coverage indicators and strong liquidity – The capital structure of the company has remained conservative over the past few years owing to adequate net worth and low reliance on external debt. The gearing and TOL/TNW stood at 0.1 times and 0.2 times, respectively, as on March 31, 2026 (provisional), and are expected to remain at similar levels, going forward. The debt protection metrics of the company have shown significant improvement with the interest coverage improving to 99.9 times in FY2026 from 12.3 times in FY2025, driven by a sharp decline in the finance cost. The financial risk profile of the company is expected to remain stable, given low long-term repayments and improving net worth position due to steady accretion to reserves.

The company is setting up a 400-TPD gram flour unit at Palava, Maharashtra, at an estimated cost of Rs. 125-130 crore, which is being funded through internal accruals. The project is expected to be commissioned by December 2027. Given the company's strong liquidity profile, ICRA does not expect the project to have any material impact on its financial risk profile. While the new facility is expected to support revenue growth and profitability upon successful commissioning, the company remains exposed to interim project-related risks, including plant stabilisation and achievement of the targeted operating and process parameters.

Credit challenges

Exposed to commodity price cycle risk associated with agro products, leading to volatility in margin – PFOL's margins remain vulnerable to the risks inherent in the agro products industry, such as raw material availability and crop harvest. Gram and yellow peas are the key raw materials 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. In case of high prices, the Government restrictions limit the company's ability to pass on the entire raw material price hike to the customers.

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 lead to low profitability. Nevertheless, the spin-off of the volatile edible oil business in August 2024 enhanced the stability of the company's earnings profile, with profitability and cash accruals supported by the relatively less volatile food products business as well as rental income and conversion charges received from RCPL.

Exposed to agro-climatic, regulatory and quality related risks – As PFOL operates in an agro-based industry, it remains exposed to agro-climatic risks such as raw material availability, quality and pricing. Moreover, any change in Government regulations pertaining to the industry can also have a bearing on the performance of all players in the industry, including PFOL.

Regional presence gives rise to geographical concentration risk – PFOL's Samrat brand has a strong regional presence with a healthy market share in Maharashtra and a moderate market share in Madhya Pradesh and Karnataka. Almost 80% of the company's sales is derived from Maharashtra and the rest from Madhya Pradesh, Gujarat and Karnataka, supported by its strong brand recall. Thus, the company's geographical concentration in Maharashtra will continue to remain in the medium term.

Liquidity position: Strong

The company's liquidity profile remains Strong, underpinned by healthy cash and cash equivalents (around Rs. 106.7 crore as on March 31, 2026, provisional). The company's utilisation of its bank limits stood almost at nil in FY2026, leaving a significant cushion for any immediate needs. The company also has minimal long-term debt repayment obligations. The company's cash flow from operations is expected to improve significantly in FY2027, with a likely decline in its working capital intensity of operations.

Rating sensitivities

Positive factors – ICRA could upgrade PFOL's ratings if the company's earnings witness a meaningful increase on a sustained basis.

Negative factors – Pressure on PFOL's ratings could arise if earnings of the company are materially impacted or if major capex, dividends, or related party transactions significantly affect its liquidity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

PFOL manufactures and sells agro-based products such as gram flour, yellow pea flour, pulses and packaged refined oil in the domestic market. The company markets its pulses and flour products under Samrat, Bigul and Nimraja brands, while its refined oil is sold under the Vilina brand. The company shares the Samrat brand and common distribution network with PAIL, a sister concern in the erstwhile Parakh Group. PAIL is owned and managed by Mr. Suresh Parakh and family, including his brother, Mr. Prakash Parakh, the Managing Director of the company.

Key financial indicators (audited)

Parakh Foods and Oils Limited	FY2024	FY2025	FY2026*
Operating income	2158.4	1591.2	1100.6
PAT	17.7	69.8	83.0
OPBDIT/OI	2.1%	6.7%	10.5%
PAT/OI	0.8%	4.4%	7.5%
Total outside liabilities/Tangible net worth (times)	0.8	0.2	0.2
Total debt/OPBDIT (times)	3.7	0.1	0.3
Interest coverage (times)	2.7	12.3	99.9

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; *Provisionals*

Status of non-cooperation with previous CRA: Not applicable

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 in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024		
				Jul 13, 2026	Jun 30, 2025	-	Mar 28, 2024	Jan 15, 2024	Jul 27, 2023
1	**Fund based – Cash credit**	Long-term	60.00	**[ICRA]A (Stable)**	**[ICRA]A (Stable)**	-	**[ICRA]A- (Stable)**	**[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING**	**[ICRA]A (Negative)**
2	**Fund based – Term loan**	Long-term	20.00	**[ICRA]A (Stable)**	-	-	**[ICRA]A- (Stable)**	**[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING**	**[ICRA]A (Negative)**
3	**Non-fund based – Others**	Short-term	160.00	**[ICRA]A1**	**[ICRA]A1**	-	**[ICRA]A2+**	**[ICRA]A2 ISSUER NOT COOPERATING**	**[ICRA]A2+**
4	**Interchangeable – Others**	Long-term/ Short-term	-	-	-	-	-	**[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A2 ISSUER NOT COOPERATING**	**[ICRA]A (Negative)/ [ICRA]A2+**
5	**Unallocated Limits**	Long-term/ Short-term	-	-	-	-	**[ICRA]A- (Stable)/ [ICRA]A2+**	**[ICRA]BBB+ (Stable) ISSUER NOT COOPERATING/ [ICRA]A2 ISSUER NOT COOPERATING**	**[ICRA]A (Negative)/ [ICRA]A2+**

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based – Cash credit	Simple
Long-term – Fund based – Term loans	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 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 – Cash credit**	NA	8.00%	NA	60.00	[ICRA]A (Stable)	RBI
NA	**Fund based – Term loans**	FY2026	8.00%	FY2032	20.00	[ICRA]A (Stable)	RBI
NA	**Non-fund based – Others**	NA	8.75%	NA	160.00	[ICRA]A1	RBI

Source: Company

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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

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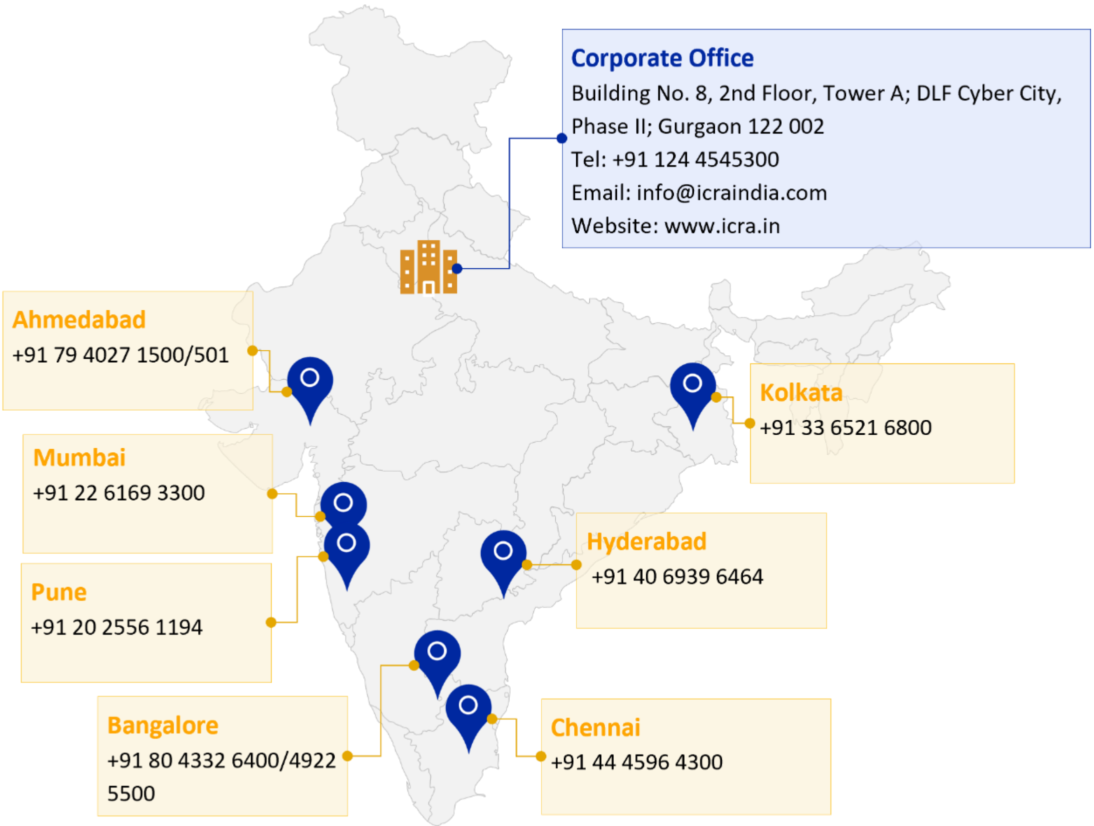

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