3F Oil Palm Private Limited

March 18, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	221.66 (Enhanced from 221.28)	CARE A-; Stable	Upgraded from CARE BBB+; Stable
Short-term bank facilities	20.00 (Reduced from 20.40)	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the long-term rating and reaffirmation in the short-term rating assigned to bank facilities of 3F Oil Palm Private Limited (3FO) derives strength from successful commercialisation of enhanced crushing capacity, commencement of the refinery, and Multiple Effect Evaporative (MEE) plant) within envisaged timelines and costs. This has resulted in forward integration across business operations, including crushing of palm fresh fruit bunches (FFBs), solvent extraction, kernel oil extraction, refinery operations, the multi-evaporation plant, and the captive biomass-based power plant in the current fiscal. These developments have supported a significant improvement in revenue and profitability in FY25 (Audited; FY refers to April 01 to March 31) and 9MFY26 (Unaudited). Ratings also factor in its strong parentage, proven operating track record of business operations, reputed and diversified clientele, satisfactory working-capital cycle, and adequate liquidity.

CARE Ratings Limited (CareEdge Ratings) also notes that underperformance in terms of revenue and profitability for FY25 compared to the estimates, primarily due to additional cost incurred by the company as the oil extraction ratio (OER) for the Oil Year (OY) 23-24 and OY24-25 were announced in July 2025, where 3FO had to compensate for the differential amounts to be paid to the farmers.

Ratings remain constrained by challenges inherent in the palm oil industry, including the long gestation period of palm plantations, volatility in raw material prices, the regulated nature of the industry, and competition from imports. The company faces risks related to expansion of its palm-cultivation business and deterioration in leverage position due to external debt undertaken for capital expenditure.

Additionally, the company's foray into the refining business introduces additional business risks, including exposure to refining margin volatility, working capital intensity, and heightened competition in the edible oil refining segment, which may exert pressure on profitability and cash flow generation. Any un-envisaged debt and higher reliance on working capital limits resulting in deterioration in financial risk profile of the company is key monitorable.

However, CareEdge Ratings expects 3FO's revenue and profitability to remain on an improving trajectory in the near term, supported by the benefits of its fully integrated operations, which are expected to partly offset the risks associated with refining margins.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) increasing to ₹1,500 crore and above with profit before interest, lease rentals, depreciation, and taxation (PBILDT) of above 12% on a sustained basis.

Negative factors

- Significant decline in TOI by over 30% year-over-year (y-o-y) and PBILDT margin falling below 8% on a sustained basis.
- Peak gearing deteriorating beyond 1.2x in future years.

Analytical approach: Standalone approach factoring in linkages with parent company, 3F Industries Limited (3FI).

Outlook: Stable

CareEdge Ratings believes the entity will continue to benefit from the extensive experience of promoters and the management in the industry and company to sustain healthy revenue growth and maintain better PBILDT margins in the near term, supported by the full-year contribution from the refinery and higher share of value-added products.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Improved financial performance in FY25
In FY25, the company's revenue grew by 34% year-on-year to ₹632.59 crore, primarily driven by higher sales realisations of crude palm oil (CPO) and crude palm kernel oil (CPKO), which increased by ~29% and 59%, respectively. While sales volumes remained largely stable compared to FY24, the rise in selling prices, and a marginal moderation in raw material consumption costs, supported growth in revenue and profitability. Average sales realisation of CPO and CPKO improved to ₹102,629/MT and ₹163,790/MT against ₹79,570/MT and ₹103,183/MT, respectively. In line with the increase in TOI, PBILDT and profit after taxation (PAT) rose by ~63% and 80%, respectively, to ₹47.68 crore and ₹25.86 crore. Consequently, PBILDT and PAT margins improved to 7.54% and 4.09%, respectively, in FY25. Though revenue and profitability improved compared to FY24, performance is lower than envisaged for FY25, considering delay in announcement of oil prices by Horticulture department for OY23-24 and OY24-25 in July 2025 for which the company has provided expenses led to higher consumption cost resulted in moderation in profitability levels.

Successful commercialisation of project for expansion and forward integration of its existing product line
The company has undertaken few projects, such as setting up plant of 30TPH expandable up to 90TPH, 300 TPD crude palm oil refinery, 100 TPD solvent extraction unit for palm kernel cake, constructing a cattle feed drier plant and a 360 KLD multiple effect evaporative (MEE) plant, and 3 MW (expandable to 6MQ cogeneration plant). Total cost incurred by the company towards the said capex is ₹175 crore, which was funded through term loan of ₹123 crore and balance ₹52 crore through internal accruals. The crushing unit commenced operations from April 2025, while refinery and solvent extraction unit commenced operations from 1st week of July 2025. The company is currently planning to enhance the MEE plant from 360 KLD to 720 KLD and increase the storage capacity of raw material to 4000 tonnes. The total cost envisaged towards the same is ₹45 crore, which is proposed to be funded through term loan of ₹27 crore and balance through internal accruals. The company has already achieved the financial closure and is expecting to complete the capex in FY27.

Significant improvement in scale and profitability driven by enhanced capacity and setting up of refinery in 9MFY26
In 9MFY26, the company reported TOI of ₹930.22 crore, indicating annualised growth of ~96%. This was primarily supported by the successful completion and commercialisation of the refinery project, which materially enhanced operating scale. Until FY25, CPO accounted for ~70–80% of total revenue, with the remainder from palm kernel oil (PKO) and cake. Post-refinery commercialisation, the company achieved a significantly diversified product mix in 9MFY26, with CPO, PKO, and palm olein contributing ~23%, 27%, and 37%, respectively, while refined palm oil contributed ~2%, and the balance was derived from by-products.

Palm oil prices and realisation of CPKO and refined products improved in 9MFY26, aided by the advantage of integrated operations, and are expected to remain favourable, supporting near-term revenue growth. However, due to an expected increase in raw material (RM) prices and lower sales volumes in Q4FY26, and high fixed-overhead absorption, profitability is likely to moderate in Q4FY26. However, the company is expected to maintain PBILDT margins above 8.5% for FY26, supported by improved product mix and cost efficiencies from integrated operations.

CareEdge Ratings expects the company to sustain healthy revenue growth and maintain PBILDT margins above 8.5% in the near term, supported by the full-year contribution from the refinery and higher share of value-added products.

Rich experience of promoters with synergy derived from its holding company
3FO is a 100% subsidiary of 3FI, which is promoted by Bal Kishan Goenka and his family. 3FI is the flagship company of the 3F group and is engaged in manufacturing edible oils, specialty fats for the bakery and confectionery segment and fatty acids (used in soap manufacturing), glycerine, stearines, and oleins among others. The 3F group has established its presence across the value chain from sourcing of raw materials, extraction and refining of crude oil to manufacturing finished products such as Vanaspati, Speciality fats (for confectionaries and bakeries), and by-products, including fatty acids, stearines, oleins, and glycerine among others. The promoters have over four decades of industry experience and have established strong relationships with customers and suppliers. 3FO also has a proven track record of ~15 years. 3FO stands to benefit from the promoters' extensive experience and presence of group companies across the value chain.

Reputed and moderately diversified clientele
In initial years of operations, a significant portion of sales by 3FO were to its group company, 3FI. However, 3FO now has a diversified clientele, including reputed names such as Navabharat Limited, Adani Wilmar, Gemini Edibles & Fats, and Santhoshimathaa Edible Oil Refinery Private Limited among others. In FY25, top five clients contributed ~75% (FY24: 65%) of the company's revenue indicating a customer concentration risk but mitigated to certain extent, sales to group entity remain low at ~7%.

Satisfactory working capital cycle
The company's operating cycle remains at a comfortable 28 days in FY25 (though increased from 14 days in FY23). It efficiently receives payments from customers within 7-10 days and settles payments to creditors/farmers within 10-15 days. Consequently, the average debtors and creditor days stood at 7 days and 12 in FY25 (FY24: 6 days and 12 days). However, with increase in inventory days to 32 days, primarily considering increase in finished goods in line with revenue, operating cycle increased to 28 days. The company's average utilisation remained moderate at 76% for the last 12 months, ending December 31, 2025.

Key weaknesses

Moderate capital structure and debt coverage indicators
The company's capital structure moderated, as reflected in an overall gearing ratio of 1.39x as on March 31, 2025 (PYE: 0.77x), primarily due to the increase in term loan availed for capital expenditure and higher utilisation of working-capital borrowings. The company's coverage indicators remained comfortable; the PBILDT interest coverage ratio stood at 6.14x. However, despite an increase in gross cash accruals (GCA), the total debt to GCA (TD/GCA) ratio deteriorated to 5.87x in FY25 (FY24: 4.16x). With gradual repayment of term loans and improved profitability from the forward-integration units, the leverage metrics are expected to improve in the near-to-medium term.

Despite additional debt of ₹27 crore projected for capital expenditure in FY27, overall gearing ratio is expected to remain below 1.00x, supported by healthy profitability and accretion of profits to net worth with improved scale of operations from FY27 onwards. CareEdge Ratings expects the company's gearing and debt coverage indicators to strengthen steadily over the medium term, aided by higher operating cash flows from the expanded integrated facilities. Any risk associated with un-envisaged debt or increased reliance on working capital limits with company's entry into refinery resulting in further deterioration in financial risk profile is a key monitorable factor from credit perspective.

Impact of moderation in raw material prices
The company's profitability relies on the yield, and the percentage of profit shared with farmers, with the yield fixed at ~19% to 20%. FFB prices are formula-driven (weighted average of last five years of MSP) and determined by the Price Fixation Commission of the Department of Horticulture. This commission includes representatives from processors, farmers, and the government. FFB prices are fixed at ~75% sales proceeds.

Long gestation period of palm tree
3FO stands as one of the few companies engaged in palm fruit cultivation in India. It sources seeds (sprouts) through imports, mainly from Malaysia, or from the domestic market, primarily Odisha and Karnataka. The company nurtures the palm saplings at its nurseries for a year before supplying them to farmers, a process entirely subsidised by the government. The palm plants begin yielding fruits only from the third year onwards, resulting in a long gestation period. Despite this extended gestation period, the company has achieved success in cultivating fresh fruit bunches of palms in Andhra Pradesh, Karnataka, Arunachal Pradesh, and Chhattisgarh until FY22, and has expanded its operations to include Assam since FY23.

Regulated industry
The company being in the agro-commodity business is exposed to government regulations, including minimum support price (MSP), bans on imports and exports, or duties levied on crude palm oil and refined palm oil based on the crop's demand and supply situation. These regulations can impact its profitability. Due to the formula-based price fixation of raw materials based on the selling price by the Ministry of Horticulture, profitability margins of players are protected to a large extent.

Liquidity: Adequate.
Liquidity is adequate, supported by GCA of ₹36.38 crore in FY25 against repayment obligations of ₹15.72 crore in FY26. Average utilisation of working capital limits stood 76.27% for last 12 months ended December 2025. Its unutilised working capital limits, positive cash flows generated from operations and efficient working capital management provide sufficient cushion to meet the short-term exigencies, if any.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Notching by Factoring Linkages with Parent

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food and other products	Edible oil

Incorporated on July 20, 2010, 3FO (formerly 3F Oil Palm Agrotech Private Limited) is a 100% subsidiary of 3FI, promoted by Bal Kishan Goenka and family. 3FO was formed by hiving off the oil palm division of 3FI, operational since 1995. 3FO engages in palm cultivation and solvent extraction, extracting crude palm oil, and crude palm kernel oil from palm FFBs. The company holds memorandum of understanding (MoUs) with state governments for developing and cultivating palm fruit in allocated areas.

3FO – Standalone:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	472.23	632.59	930.22
PBILDT*	29.24	47.68	90.87
Profit after tax (PAT)	14.37	25.86	50.52
Overall gearing (x)	0.77	1.39	0.90
Interest coverage (x)	5.95	6.14	6.52

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

3F Industries Limited (Parent):
3FIL was established by the promoter, B K Goenka in 1960, at Tadepalligudem in Andhra Pradesh, The company is an integrated manufacturer in the edible oil value chain. It has an installed edible oil refining capacity of 289,500 tonne per annum and specialises in a wide range of products, covering bakery fats, specialty fats, lauric fats, shea stearin and oleo chemicals. 3FIL operates a captive 6-MW capacity biomass power plant and 3.30-MW windmills.

3FIL has operational presence across Singapore, Middle East, Vietnam and West African countries with a manufacturing plant in Ghana. 3FIL set up a 200 tonne per day plant to process shea nuts and soya seeds under 3FGL in 2009.

3F Industries Limited – Consolidated:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2,722.09	2,930.13
PBILDT*	105.95	258.42
Profit after tax (PAT)	-30.38	94.43
Overall gearing (x)	1.51	1.64
Interest coverage (x)	1.18	3.08

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	90.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	24-Sep-2032	131.66	CARE A-; Stable
Non-fund-based - ST-Letter of credit		-	-	-	20.00	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	131.66	CARE A-; Stable	1)CARE BBB+; Stable (04-Apr-25)	1)CARE BBB+; Stable (19-Mar-25)	1)CARE BBB+; Stable (21-Dec-23) 2)CARE BBB+; Stable (04-Apr-23)	-
2	Fund-based - LT-Cash Credit	LT	90.00	CARE A-; Stable	1)CARE BBB+; Stable (04-Apr-25)	1)CARE BBB+; Stable (19-Mar-25)	1)CARE BBB+; Stable (21-Dec-23) 2)CARE BBB+; Stable (04-Apr-23)	-
3	Non-fund-based - ST-Letter of credit	ST	20.00	CARE A2	1)CARE A2 (04-Apr-25)	1)CARE A2 (19-Mar-25)	1)CARE A2 (21-Dec-23) 2)CARE A2 (04-Apr-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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