

June 09, 2025

Vaibhav Edibles Private Limited: Ratings reaffirmed for Bank facilities and reaffirmed and withdrawn for Issuer rating

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]BBB(Stable); reaffirmed and withdrawn
Long-term - Fund based - Term loan	5.00	3.89	[ICRA]BBB(Stable); reaffirmed
Long-term - Fund based - Cash credit	36.00	55.00	[ICRA]BBB(Stable); reaffirmed
Short-term – Non-fund based	0.00	12.00	[ICRA]A3+; reaffirmed
Long-term/short-term - Unallocated	51.00	21.11	[ICRA]BBB(Stable)/ [ICRA]A3+; reaffirmed
Total	92.00	92.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation takes into account Vaibhav Edibles Private Limited's (VEPL) significant revenue growth in FY2025, which is likely to sustain going forward, after a decline in FY2024. The ratings further factor in VEPL's established business operations in the edible oil segment, presence of various brands and strong distribution network, particularly in Bihar and Uttar Pradesh. Increase in realisations, coupled with improvement in volume growth by 19% on the back of enhancement in plant capacity led to YoY revenue growth of 33.8% in FY2025, which further led to rise in operating profit margin to 2.6% compared to 1.8% in FY2024. The ratings are further supported by the company's comfortable capital structure, reflected in a gearing of 0.5 times and total outside liabilities vis-à-vis tangible net worth (TOL/ TNW) of 0.7 times as on March 31, 2025, which is likely to sustain in the near to medium terms given the absence of any major debt-funded capital expenditure requirements. Further, the ratings factor in the consistent promoter support (Rs. 50.5 crore of unsecured loans as on March 31, 2025) extended to cushion VEPL's liquidity profile. The ratings also consider the favourable long-term business demand for the organised agro-processing industry, driven by changing lifestyles, increasing purchasing power and penetration of modern retail operations.

The ratings are, however, constrained by VEPL's exposure to commodity price cycles reflected in revenue decline of 17.2% in FY2024 followed by increase of 33.8% underlining the volatile nature of business. Further, intense competition in the food processing industry and limited value addition result in modest margins for VEPL. The company remains exposed to agro-climatic risks, which could impact raw material availability and prices, as well as regulatory risks associated with food-related items, which are essential commodities. As it is a part of the food industry, VEPL's quality and reputation-related risks are high, which could impact its pricing strength and business in case of any adverse development. Increasing investment into non-core operations may adversely impact VEPL's liquidity profile going forward and will remain a rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectations that VEPL will continue to benefit from its established position and penetration in the local market and will leverage its recently enhanced capacity to generate revenue growth, while maintaining profitability levels.

ICRA has also withdrawn the issuer rating as per the client's request as per ICRA's policy of withdrawal.

Key rating drivers and their description

Credit strengths

Strong position with established brand name in the region – VEPL has major brands such as Jhoomer, Jugnu, Chahak, Do Dhani, Vaibhav, Shahnai, Primelite, Royalcook and Jiolite for its rice bran oil, soyabean oil, sunflower oil, mustard oil, and linseed oil, among others. The company has around 200 brokers and 1,000 active wholesalers/manufacturers catering to direct retail/HORECA segment. VEPL has started to sell its packaged oil in Lucknow, UP, directly through a distribution agency. The company also sells loose oil through its own network.

Healthy revenue growth; comfortable financial profile – VEPL registered a healthy YoY revenue growth of 33.8% in FY2025, driven by volume growth of 19% YoY and increase in realisation. Traditionally being a low-margin business, VEPL's operating profit margins (OPM) grew to 2.6% in FY2025 from 1.8% in FY2024, on the back of lower selling expenses and operating leverage.

VEPL's financial profile remained comfortable on account of its healthy capital structure, owing to its lower dependence on external debt, as reflected in low gearing of 0.4 times and total outside liabilities vis-à-vis tangible net worth of 0.7 times as on March 31, 2025. The debt coverage indicators also remain moderately healthy, with interest coverage of 7.9 times as on March 31, 2025, against 7.0 times as on March 31, 2024, and total debt vis-à-vis operating profit of 1.9 times as on March 31, 2025, against 2.3 times as on March 31, 2024.

Extensive experience of management – The company's promoters have about six decades of experience in the edible oil industry. The promoters are active in the company's day-to-day operations and provide guidance along with extending financial support, as and when required.

Credit challenges

Vulnerability of profitability to fluctuations in raw material prices and intense competition in the industry – India remains dependent on edible oil imports from countries such as Indonesia, Malaysia, Ukraine and Russia. In the past, the edible oil prices have witnessed significant volatility and, therefore, profitability of VEPL remains vulnerable to pricing fluctuations and losses arising out of the same going forward. Rice bran oil accounts for VEPL's ~70% capacity, for which the raw material is locally procured. For the remaining capacity, VEPL imports raw materials through high-seas agreements as needed. In addition, the Indian edible oil industry is intensely competitive due to a large unorganised market and a few large, organised players.

Exposed to agro-climatic and regulatory risks – The Government of India regulates import duties and agricultural cess. The company's profitability remains exposed to volatility in agro-commodity prices and regulatory changes. In FY2024, sharp contractions in demand due to corrections in agricultural commodity prices resulted in reduced profit margins. In FY2025, the company has witnessed increase in realisation of its edible oil led by healthy market demand.

Exposure to quality-related risks – As the company operates in the food industry, it faces significant quality and reputation-related risks. Any unforeseen quality lapse could have a long-term impact on the firm's business and brand development.

Liquidity position: Adequate

VEPL's liquidity position remains adequate, supported by the cushion available in the form of average buffer of Rs. 22 crore and utilisation of 47% over the last 12 months ending April 2025. The promoters have infused an additional Rs. 11.7 crore (total outstanding is Rs. 50.55 as on March 31, 2025) as unsecured loans to support working capital in FY2025, which provide additional comfort to the liquidity. The company has annual repayment obligation of Rs. 2.4 crore towards term loan and maintenance capex plans of Rs. 12 crore in FY2026, which is expected to be funded by VEPL's internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a sustained growth in its revenue while maintaining its operating profitability, leading to comfortable coverage metrics and an improvement in liquidity profile.

Negative factors – Pressure on rating or could arise if there is a weakening in the revenue and profitability leading to a sustained deterioration in the credit metrics. Any further investment in group companies which adversely impacts the liquidity profile or coverage metrics would be a credit negative. Specific credit metric that could lead to a downgrade of VEPL’s rating include Interest coverage less than 3 time on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Edible Oil Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of Vaibhav Edibles Private Limited and its associate, SNG Solvents Private Limited. Vaibhav Edibles Private Limited has provided a corporate guarantee to SNG Solvents Private Limited.

About the company

Vaibhav Edibles Private Limited (VEPL), incorporated in 2003, is primarily involved in refining and trading business of edible oils. Mr. Mahesh Chandra Jain is the company’s Managing Director and is also associated with the board of several prominent companies within the Group. The company processes crude oil into refined oil and sells it under its own brand (packaged) and loose oil as per customer requirement. The company also trades in crude oil. The company has its office in Kanpur, Uttar Pradesh and the business development team is spread across the state. VEPL has an oil refining plant in Rania, Kanpur (UP) with a capacity of 900 metric tonnes per day (MTPD).

Its associate, SNG Solvents Pvt Ltd (45.48% holding of VEPL) is also engaged in the edible oil business. VEPL has given corporate guarantee (CG) of Rs. 4.75 crore to SNG Solvents for working capital cash credit limit. Its sister concern, A. V. Oil Chem Pvt Ltd has provided CG to VEPL. The company has invested in its group companies engaged in real estate business to the tune of Rs. 23.98 crore in Paloma Realty LLP and PMV Infrastructure Pvt Ltd of Rs. 8.72 crore as on March 31, 2025.

Key financial indicators

Consolidated	FY2024	FY2025*
Operating income	1,510.5	2,021.3
PAT	14.3	30.6
OPBDIT/OI	1.8%	2.6%
PAT/OI	0.9%	1.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	2.3	1.9
Interest coverage (times)	7.0	7.9

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA’s calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA

Name of the CRA	Date of Press Release	Rating Action
CRISIL	February 15, 2021	CRISIL B+/Stable (Migrated from 'CRISIL B+/Stable ISSUER NOT COOPERATING***'; Rating Withdrawn)
INDIA rating	January 10, 2025	IND B+/Negative/ IND A4 (ISSUER NOT COOPERATING); downgraded and Maintained in non-cooperating category

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	June 09,2025	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long-term	55.00	[ICRA]BBB (Stable)	23-AUG-2024	[ICRA]BBB (Stable)	-	-	-	-
Long-term/short term-unallocated-unallocated	Long-term/short-term	21.11	[ICRA]BBB (Stable)/[ICRA]A3+	23-AUG-2024	[ICRA]BBB (Stable)/[ICRA]A3+	-	-	-	-
Long-term - term loan- fund based	Long-term	3.89	[ICRA]BBB (Stable)	23-AUG-2024	[ICRA]BBB (Stable)	-	-	-	-
Short-term-others-non-fund based	Short-term	12.00	[ICRA]A3+	-	-	-	-	-	-
Issuer	Long-term	0.00	[ICRA]BBB (Stable); reaffirmed and withdrawn	13-AUG-2024	[ICRA]BBB (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund Based - Term Loan	Simple
Long Term - Fund Based - Cash Credit	Simple
Short Term - Non Fund Based	Very simple
Long Term/ Short Term – Unallocated	Not Applicable

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	Issuer rating	NA	NA	NA	-	[ICRA]BBB (Stable); reaffirmed and withdrawn
NA	Term Loans	30/12/2021	8-9%	December-2026	3.89	[ICRA]BBB (Stable)
NA	Cash Credit	NA	NA	NA	55.00	[ICRA]BBB (Stable)
NA	Non Fund Based	NA	NA	NA	12.00	[ICRA]A3+;
NA	Unallocated	NA	NA	NA	21.11	[ICRA]BBB (Stable)/ [ICRA]A3+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	VEPL Ownership	Consolidation Approach
SNG Solvents Private Limited	45.48%	Full Consolidation

Source: VEPL Annual report

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