

April 28, 2026

Valvoline Cummins Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Fund based/Non-fund based - Others	15.00	15.00	[ICRA]AA+(Stable)/[ICRA]A1+; Reaffirmed
Long term - Fund based - Others	100.00	100.00	[ICRA]AA+(Stable); Reaffirmed
Long term/Short term – Unallocated	35.00	35.00	[ICRA]AA+(Stable)/[ICRA]A1+; Reaffirmed
Total	150.00	150.00	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of the ratings of Valvoline Cummins Private Limited (VCPL) factors in its position as one of the leading players in the lubricant industry, backed by its strong brand presence, technical support from promoter company Valvoline International Inc, a well-entrenched distribution network and a wide product portfolio. These factors, coupled with the captive business of/association with the other promoter company, Cummins India Limited (CIL), and the various marketing initiatives undertaken by VCPL, have resulted in a steady volume growth for the company. The ratings also factor in VCPL's comfortable financial profile, characterised by a strong capital structure, its debt-free status, the healthy debt protection metrics and return indicators and an adequate liquidity position. The marketing initiatives and stable demand prospects for lubricants in India in the near to medium term are likely to keep the volume growth steady for VCPL, going forward.

The ratings, however, are constrained by the susceptibility of VCPL's profit margins to the volatility in key raw material (base oil) prices and foreign exchange rates, as a sizeable part of the raw material requirement is being met through imports. This, coupled with the increased share of the relatively low-margin segments like OEM, diesel exhaust fluid and the industrial segment in the revenue mix, has moderated the profit margins. Additionally, a sizeable proportion of the revenue is generated from the auto sector, exposing it to sectoral concentration risk. The ratings also consider the high competitive nature of the domestic market, which is largely dominated by Government-owned oil marketing companies (OMCs), apart from other established players in the private sector.

The ongoing geopolitical tensions in the West Asia impacting the raw material prices and availability, primarily Base Oil and Urea, remains a key monitorable in near to medium term. Currently, the company has been able to pass on the impact of the raw material price inflation to part of its customer base and is in the process of passing on the remaining impact as well. The ability of the company to pass on the raw material price and sustain volume growth will remain a key monitorable. Nevertheless, the company remains focused on catering the demand and enhancing the revenue contribution from other sectors to diversify its revenue mix. ICRA has also taken note of the continued sizeable dividend payouts by the company which moderate the net cash accruals, though this is partly offset by the absence of major capex or other growth plans and its debt-free status.

The Stable outlook reflects ICRA's expectation that VCPL will continue to benefit from a steady demand outlook, its established brand presence and a well-entrenched distribution, enabling the company to generate healthy internal accruals and sustain its liquidity position and overall credit profile.

Key rating drivers and their description

Credit strengths

Established business position, supported by strong brand presence and technical support of promoter Valvoline International Inc. – VCPL is one of the leading players in the lubricant industry, supported by its strong brand presence, technical support from promoter company Valvoline International Inc (an Aramco Company), a well-entrenched distribution network and a wide product portfolio. Valvoline Cummins is among the well-known brands in the Indian lubricant market. VCPL pays a royalty to Valvoline Inc. for the use of the Valvoline brand name and service charge to CIL for its marketing and selling network. The company has access to a large database of formulations and enjoys R&D support owing to its association with Valvoline International Inc., which places it favourably to cater to a variety of applications in the lubricant sector in India. The acquisition of the global products business of Valvoline Inc. by Aramco has benefitted the Indian business by providing synergies in raw material sourcing.

Strong marketing and distribution network to cater to retail sales in the domestic market – In terms of segment-wise sales, the retail segment continues to account for the highest share, both in volume and value terms. The company has developed a widespread distribution network over the years, with around 450 distributors and 55,000-60,000 retailers across the country. VCPL's healthy growth in volumes has been supported by various marketing initiatives.

Large captive business of promoting company, CIL – VCPL benefits from the sizeable captive business of its promoting company, CIL, which commands a strong market position in the diesel engine market (for power, auto and industrial usage). Moreover, the tie-up of Cummins with other OEMs has enabled VCPL to garner additional volumes, thereby supporting continued growth.

Comfortable financial risk profile – VCPL registered an operating income of ~Rs. 2,354.4 crore in FY2025 against Rs. 2,256 crores in FY2024, supported by stable volumes. During FY2025 OPBITDA stood at Rs. 281.5 crore with an OPBITDA/Ltr of Rs. 14.94. Moreover, the company's capital structure remains comfortable with sizeable net worth and net debt-free status and strong debt protection metrics. The continued sizeable dividend payouts by the company have moderated the net cash accruals, though this has been partly offset by no major capex and other growth plans in the pipeline. The financial profile of the company is likely to remain comfortable, going forward, supported by healthy internal accrual generation and no debt-funded capex.

Credit challenges

Highly competitive industry – The lubricant oil industry is characterised by the presence of a few large players, including oil marketing companies (OMC), other relatively large players and a number of unorganised players, which limits the pricing flexibility of the industry participants. However, VCPL continues to benefit to some extent because of its strong brand presence and the technical support from Valvoline International Inc., enabling it to earn healthy margins.

Industry growth moderated by technological developments; increased penetration of EVs can lower sales – The lubricant industry's growth has been impacted by technological developments that have reduced the frequency of lubricant change and sump sizes. However, VCPL's marketing and R&D initiatives have enabled it to outpace the industry growth. The increased penetration of EVs can also result in some moderation in demand for lubricants. However, the EV industry in India is still at a nascent stage and its impact on lubricant sales is not expected to be material in the medium term.

Vulnerability of profitability to fluctuations in raw material prices amid geopolitical tensions and foreign exchange risks – VCL's major raw material is base oil (a derivative of crude oil) and 55-60% of the requirement is met through imports from recognised vendors. However, the ongoing tensions in West Asia has imposed an uncertainty on the availability of raw materials. The company has factored in adequate price hikes to in line with other players to mitigate any price inflation risks. This exposes the profitability to fluctuations in crude oil prices and forex rates. The product prices for some consumer segments, however, cannot be revised immediately to absorb the price volatility due to market forces.

Sales susceptible to slowdown in auto sector – A sizeable part of the revenue is generated from the auto sector, making the company vulnerable to any slowdown in this sector. While the long-term outlook for the automotive sector remains strong, VCPL’s growth will continue to be linked to any intermittent demand fluctuations from the automotive segment.

Liquidity position: Adequate

VCPL’s liquidity is adequate, supported by healthy internal accruals, free cash balances & liquid investments totaling at ~Rs. 65.6 crore as of March 31, 2025, and undrawn bank lines as the utilisation of fund-based limits remains nil. While the dividend payout is expected to remain high, in line with the past trend, it is not expected to weigh down on the company’s liquidity as it does not have any long-term debt repayment liability or any major capex plans over the medium term.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant growth in VCPL’s scale along with increased product diversification to the non-automotive segment and expansion in the market share. The ratings may also be revised upwards if the company is able to maintain healthy profitability amid a comfortable capital structure and liquidity on a sustained basis.

Negative factors – A sizeable decline in VCPL’s revenue and profitability and stretching of the working capital cycle may exert pressure on the liquidity position and trigger a downgrade. Any sizeable debt-funded capex could also lead to a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Valvoline Cummins Private Limited (VCPL) was incorporated in 1994 and promoted by Valvoline International Inc. in a joint venture with Cummins India Limited in which the partners hold 50% equity each. VCPL is engaged in the distribution and marketing of automotive lubricants, transmission fluid, gear oil, hydraulic lubricants, automotive chemicals, specialty products, greases and cooling system products. Since its inception, the company had outsourced manufacturing to a toll blender in Mumbai. However, with the setting up of its own manufacturing facility at Ambarnath in Maharashtra in 2013, the company shifted its entire production to this unit. The company was converted from a limited company to a private limited company with effect from October 14, 2015.

Key financial indicators (audited)

VCPL Standalone	FY2024	FY2025	9MFY2026*
Operating income	2,256.6	2,354.4	2,088.9
PAT	185.0	200.8	132.1
OPBDIT/OI	11.6%	12.0%	9.0%
PAT/OI	8.2%	8.5%	6.3%
Total outside liabilities/Tangible net worth (times)	1.4	1.4	-
Total debt/OPBDIT (times)	0.0	0.0	-
Interest coverage (times)	129.2	144.5	141.9

Source: Company, ICRA Research; * Provisional 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

Current rating (FY2027)			Chronology of rating history for the past 3 years						
FY2027			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	Apr 17, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based - Others	Long term/ Short term	15.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	28-Mar-2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	29-Dec-2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
Fund-based - Others	Long term	100.00	[ICRA]AA+ (Stable)	-	-	28-Mar-2025	[ICRA]AA+ (Stable)	29-Dec-2023	[ICRA]AA+ (Stable)
Unallocated	Long term/ Short term	35.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	28-Mar-2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	29-Dec-2023	[ICRA]AA+ (Stable)/ [ICRA]A1+

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 regulatory purview of various Financial Sector Regulators (FSR) 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 regulatory purview of various Financial Sector Regulators (FSR) 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 Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based/Non-fund based – Others	Simple
Long term – Fund-based – Others	Simple
Long term/Short term – Unallocated	NA

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	Fund-based/Non-fund based limits	NA	NA	NA	15.00	[ICRA]AA+(Stable)/[ICRA]A1+
NA	Fund-based limits	NA	NA	NA	100.00	[ICRA]AA+(Stable)
NA	Unallocated limits	NA	NA	NA	35.00	[ICRA]AA+(Stable)/[ICRA]A1+

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

prashant.vasisht@icraindia.com

Varun Gogia

+91 124 4545 319

varun.gogia1@icraindia.com

Mohika Kundara

+91 95 9913 3619

mohika.kundara@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.