August 06, 2026

VVF (India) Limited: Ratings reaffirmed; outlook revised to Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term/Short Term- Fund Based – Working Capital	110.00	110.00	[ICRA]BBB- (Positive)/ [ICRA]A3; reaffirmed and outlook revised to Positive from Stable	RBI
Long Term – Fund Based – Cash Credit	50.00	50.00	[ICRA]BBB- (Positive); reaffirmed and outlook revised to Positive from Stable	RBI
Long Term- Fund Based – Term Loan	99.00	99.00	[ICRA]BBB- (Positive); reaffirmed and outlook revised to Positive from Stable	RBI
Long Term/Short Term - Non-Fund Based – Others	7.00	7.00	[ICRA]BBB- (Positive)/ [ICRA]A3; reaffirmed and outlook revised to Positive from Stable	RBI
Long Term/Short Term – Unallocated	134.00	134.00	[ICRA]BBB- (Positive)/ [ICRA]A3; reaffirmed and outlook revised to Positive from Stable	RBI
Total	**400.00**	**400.00**		

**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 revision in the outlook on the long-term rating to Positive from Stable reflects the sustained improvement in VVF (India) Limited's (VIL) financial risk profile over the past two fiscal years. This is driven by healthy revenue growth and strong earnings from its core oleochemicals business, which have supported a reduction in the company's debt levels. Going forward, ICRA expects the increasing contribution from higher value-added oleochemicals and stronger traction in alternate raw material-based products to support VIL's continued revenue growth and robust earnings generation, thereby further strengthening its credit profile. The rating action also considers the improvement in VIL's liquidity position, with the company availing incremental working capital limits of Rs. 189 crore and factoring limits of $6 million in July 2026, as well as the moderation in borrowing costs, following the revised banking arrangement with its lender, whereby it shifted its banking arrangement from the asset reconstruction company (ARC) division of its lender, which carried a high borrowing cost, to a normal banking arrangement in July 2026. This resulted in a significant reduction in borrowing rates for the company, with the interest rate for cash credit and term loan facilities now reduced to 11%, while PCFC limits have been availed at an interest rate of 8-8.1%, compared to the earlier interest rates of 17-20%. The revised arrangement also includes a lower fixed deposit margin requirement for its bank guarantee facilities and the release of previously encumbered fixed deposits. ICRA also notes that the company intends to avail a further enhancement of Rs. 100 crore in its working capital limits over the next few months to further improve its liquidity position.

The ratings continue to factor in the extensive experience of its promoters, the company's established presence in the oleochemicals industry with a diversified product portfolio, and its established relationships with reputed customers across the FMCG, personal care and pharmaceutical segments. VIL manufactures oleochemicals such as fatty acids, fatty alcohols, glycerine and soap noodles. It is also involved in the contract manufacturing of personal care and consumer products, catering to reputed clients such as Reckitt Benckiser (India) Private Limited, Hindustan Unilever Limited and the Johnson & Johnson Group through its contract manufacturing business (CMB) segment. In FY2026, the oleochemicals segment remained the key revenue and profitability driver for VIL, contributing around 86% of the company's revenue, while the balance revenue was derived primarily from the CMB segment and Softsens, a baby care and prenatal care brand.

Over the years, the company has expanded its product portfolio by adding higher carbon-chain oleochemicals and alternate raw material-based products, which have supported realisations and reduced dependence on imported palm-based raw materials such as crude palm kernel oil (CPKO), palm fatty acid distillates (PFAD) and other palm-based products. VVF demonstrated strong revenue growth momentum, healthy profitability in its core oleochemicals business and comfortable debt protection metrics over the last two fiscal years. In FY2026, VIL's operating income increased by 16.5% YoY to around Rs. 3,186.9 crore, supported by healthy growth in its oleochemicals business. Both domestic and export oleochemical sales witnessed growth in FY2026, largely driven by healthy volume growth in fatty acids, improved realisations, and a favourable product mix. The company's OPM moderated to 6.7% in FY2026 from 7.5% in FY2025 owing to higher operating losses in the CMB segment (due to lower capacity utilisation) and continued losses in its Softsens business, despite the healthy operating performance of the oleochemicals segment. Going forward, volume growth in the oleochemicals business, in addition to the company's continued focus on alternate raw material-based and higher value-added products, is expected to support mid-to-high single-digit revenue growth in FY2027. The company's debt levels remained largely stable at Rs. 322.1 crore as of March 31, 2026 compared to Rs. 323 crore as of March 31, 2025, despite healthy revenue growth in FY2026. This was supported by healthy cash flow from operations amid a reduction in working capital intensity, following relatively lower revenues in Q4 FY2026.

ICRA notes that the company has sustained its financial recovery following the completion of restructuring with its erstwhile lenders. Historically, the company's performance was impacted by the inverted duty structure under the India-ASEAN FTA, whereby finished fatty alcohols from ASEAN countries could be imported into India at nil basic customs duty, while raw materials such as CPKO and PFAD attracted export duties, making domestic manufacturing less competitive. These changes, along with elevated debt levels, led to defaults and the company's admission to the National Company Law Tribunal in September 2021. Subsequently, VIL entered into settlement and restructuring arrangements with its lenders, with the final restructuring completed in FY2024. Since then, the company has maintained a timely debt-servicing track record. VIL's debt has reduced significantly from the elevated levels seen during the aforementioned period.

The ratings remain constrained by VIL's exposure to raw material price volatility and foreign exchange fluctuations, given that a portion of its palm-based raw material requirements continues to be imported. Going forward, any adverse movement in global palm oil prices, foreign exchange rates, or changes in import/export duty structures on the company's raw materials and/or finished products could impact the company's profitability and competitiveness. While the duty environment in the recent past has remained relatively stable, VIL's business remains vulnerable to any adverse changes in these duty structures, as any change in export or import duty rates could affect revenues, raw material costs, and margins. However, ICRA notes that these risks are partly mitigated by the company's import of semi-finished goods from its Indonesian facility, the increased share of domestically sourced alternate raw material-based raw materials, its hedging policy, and a contract-wise pass-through mechanism.

The ratings also factor in the sequentially higher operating losses in the CMB segment in FY2026 because of relatively low capacity utilisation on account of weaker customer demand. However, the performance of the segment is expected to improve gradually, supported by better capacity utilisation and new customer orders. The CMB segment remains strategically important as it helps VIL maintain relationships with large FMCG customers, which also supports its oleochemicals business. The ratings also consider the sizeable contingent liabilities pertaining to excise duty, import duty, VAT, GST, and other historical matters, which are at various stages of appeal. However, the quantum of contingent liabilities has reduced significantly over the past few years, supported by favourable outcomes in certain cases. Nonetheless, any adverse outcome in the pending disputes could impact the company's liquidity and remains a key monitorable.

Key rating drivers and their description

Credit strengths

Established market position and long track record of operating in the oleochemicals industry – Originally, the promoters began oleochemical manufacturing in 1971 under Vegetable Vitamin Foods Limited (VVF). VIL was incorporated in November 2010, while the company's oleochemical, CMB, and CPD segments were demerged from VVF in 2012. Thus, VIL has a long presence in the oleochemical industry, supported by decades of operational experience and manufacturing capabilities. The company's diverse product portfolio, comprising palm-based and alternate raw material-based fatty acids, fatty alcohols, glycerine, etc., caters to a wide range of applications across personal care, home care, FMCG, industrial applications, and pharmaceuticals. Additionally, VIL enjoys a dominant position in the domestic oleochemical industry.

Underlying demand for oleochemicals and CMB division largely dependent on FMCG business, which is expected to support the revenue growth going forward – VIL's products, such as fatty acids, fatty alcohols, soap noodles, etc., are used by oleochemical/speciality chemical manufacturers or FMCG companies, which further process them to manufacture end products. Consequently, the demand outlook for both oleochemicals and contract manufacturing remains favourable, driven by healthy underlying demand from the FMCG, pharmaceutical, and personal care segments. Further, VIL's CMB segment serves marquee clients such as Reckitt Benckiser, HUL, and Johnson & Johnson, and has recently onboarded new customers, including Himalaya and a few others. The non-cyclical nature of the end-user industries and strong client relationships provide visibility and support for expected sustained revenue growth going forward.

Healthy improvement in financial risk profile over last 2-3 fiscals; interest costs expected to decline from FY2027 following reduction in borrowing cost – VIL has witnessed a sustained improvement in its financial risk profile over the last two to three fiscal years, supported by healthy operating performance resulting in strong earnings and a sizeable reduction in debt levels. Following the one-time settlement and restructuring of its outstanding debt from nine erstwhile consortium lenders with Kotak Mahindra Bank, the final restructuring with ICICI Bank in FY2024, and continued healthy performance in FY2025 and FY2026, the company's total debt reduced significantly to Rs. 322.1 crore as on March 31, 2026, from Rs. 1,515.4 crore as on March 31, 2022. The improvement was also supported by asset monetisation initiatives, including the sale of its consumer division for Rs. 100 crore in FY2024 and the sale of land in Kutch for Rs. 20 crore in FY2025. Along with debt reduction, healthy operating performance resulted in an improvement in key coverage indicators, with total debt/OPBDITA improving to 1.5 times in FY2026 from 7.1 times in FY2022, while interest coverage improved to 4.1 times from 1.1 times during the same period. Going forward, the leverage and coverage metrics are expected to remain healthy, supported by expansion in the company's earnings and healthy operating margins. Further, the revised banking arrangement, under which the company has moved away from the earlier high-cost ARC structure, is expected to materially reduce its interest costs in FY2027.

Credit challenges

Revenue and profits remain exposed to changes in import and export duties – VIL's revenue and profitability remain exposed to changes in import and export duties levied on the company's raw materials and finished goods in India and other geographies. In the past, the company's competitiveness was impacted by the inverted duty structure under the India-ASEAN FTA, wherein finished fatty alcohols from ASEAN countries could be imported into India at nil basic customs duty, while raw materials such as CPKO/PFAD attracted export duties, making domestic manufacturing less competitive. While the duty environment in the recent past has remained relatively stable, VIL's business remains vulnerable to any adverse changes in these duty structures, as any change in export or import duty rates could affect revenues, raw material costs, and margins. Further, while India currently does not levy export duty on fatty acids/fatty alcohols and VIL may benefit from countervailing duties (CVD) and anti-dumping duties imposed by the US and Europe on Indonesian and Malaysian players, any reversal or moderation of these duties could again intensify competitive pressure from large Southeast Asian manufacturers. Thus, while VIL has partly mitigated this risk through backward integration via its Indonesian subsidiary, raw material sourcing from both domestic and overseas suppliers, and an increased share of speciality products, the company's revenue growth and profitability remain sensitive to changes in import/export duties, free trade agreements, and trade protection measures across key markets.

Exposure to raw material price volatility and foreign exchange fluctuations – VIL currently imports 30-35% of its total raw material requirements. The imported raw materials include certain palm-based oils such as crude palm kernel oil (CPKO), PFAD, etc. The company maintains inventory levels of 60-65 days, and any adverse movement in raw material prices and foreign exchange rates can lead to inventory and forex losses for VIL. In the past, VIL has incurred inventory losses due to significant volatility in palm oil prices. However, over the years, the company has reduced its dependence on imported raw materials and diversified its sourcing by incorporating domestic alternative raw materials. While natural hedges, along with hedging through forward contracts and a diversified procurement base including captive supply chain integration, shield VIL from the aforementioned risks to some extent, ICRA notes that VIL remains exposed to any sharp movement in global palm oil prices and other alternate raw materials.

Competition from both domestic and global players – While VIL holds a dominant position in the Indian oleochemical market, it faces stiff competition globally from large, backward-integrated manufacturers in Indonesia and Malaysia. These players benefit from access to captive palm oil plantations and large-scale operations, which enable them to offer products at more competitive prices. This structural disadvantage limits VIL's pricing flexibility and market share in export markets to a certain extent. That said, VVF's broad product portfolio and strong customer relationships mitigate this risk to an extent. ICRA also notes that recent US trade actions on Indonesian and Malaysian oleochemical exports are expected to improve the competitiveness of Indian exporters to a certain extent. However, the extent of the benefit to Indian players remains to be seen.

Sizeable contingent liabilities – VIL continues to have sizeable contingent liabilities relating to historical excise duty, customs duty, VAT, GST, and other regulatory matters, which remain under various stages of appeal. While the quantum of contingent liabilities reduced significantly by 45% to Rs. 656 crore in FY2026 from Rs. 1,190.7 crore in FY2025, supported by favourable outcomes in certain matters, the outstanding amount remains significant relative to the company's financial profile. Any adverse ruling in these matters could result in sizeable cash outflows and impact VIL's liquidity position and financial flexibility, making this a key monitorable.

Liquidity position: Adequate

VIL's liquidity position is adequate, supported by cash and bank balances of around Rs. 65.5 crore as of March 31, 2026, on a consolidated basis. Over the 12 months ended March 2026, the company had an average buffer of Rs. 28.2 crore in the form of undrawn working capital limits, and the average utilisation of its working capital limits remained at 83% during this period. ICRA also understands that the company availed an enhancement of Rs. 102 crore in its standalone working capital limits and a factoring facility of $6 million in July 2026, further supporting its liquidity position. The company has repayment obligations of Rs. 29.4 crore in FY2027 and Rs. 32.9 crore in FY2028. VIL is also expected to incur capex of Rs. 30-50 crore in FY2027, and the same is expected to be funded through a mix of debt and internal accruals. Overall, the company's strong earnings and available liquidity in the form of undrawn limits (post receipt of the recent enhancement) are expected to be sufficient to meet its cash flow requirements towards incremental working capital, capex requirements, and repayment obligations. ICRA also notes that the company is planning to avail a further enhancement of Rs. 100 crore in its working capital limits over the next few months. Going forward, VIL's ability to further improve its liquidity position by availing incremental working capital limits remains a key rating monitorable. ICRA also notes that while VIL has received favourable outcomes in certain cases, resulting in a reduction in contingent liabilities over the past 2-3 fiscal years, its liquidity could be adversely impacted if the sizeable contingent liabilities on its books were to crystallise, as any adverse development may result in significant cash outflows.

Rating sensitivities

Positive factors – ICRA could upgrade VIL's ratings if there is substantial growth in revenues and profitability (including from the contract manufacturing business), while also improving its liquidity position through the availing of incremental working capital limits.

Negative factors – Pressure on VIL's ratings could arise if there is a decline in revenues and operating margins, resulting in lower cash flows on a sustained basis. Further, higher-than-envisaged debt-funded capex or any adverse development relating to contingent liabilities, resulting in the deterioration of coverage indicators along with weakening liquidity, may also trigger a downgrade. Specific credit metrics that could lead to VIL's ratings downgrade include TD/OPBDITA exceeding 2.3 times on a sustained basis.

Note: The TD/ OPBITDA ratio measures an entity's susceptibility to volatility in profits and is seen in conjunction with the tenor of the debt and the mix of long-term borrowings and short-term/ working capital borrowings. If the debt tenor is sufficiently long or if the borrowing mix is tilted more towards working capital borrowings, the reported TD/ OPBITDA may appear to be numerically high, but it may not be suggestive of higher risk.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VIL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

VVF (India) Limited (VIL) was incorporated in November 2010. VIL was demerged from VVF Limited (VVF) in 2012. VVF was originally established in 1939 as Vegetable Vitamin Foods Company Private Limited (VVFCPL) by Mr. Godrej Pallonji Joshi for manufacturing vegetable ghee from vegetable oils. Later, VVF diversified into the oleochemicals business in 1971 and the contract manufacturing business (CMB), involving the production of personal care products such as soaps and soap noodles, in 1987. In 1997, VVF launched personal care products under its own brands, JO, Doycare, and Bacter Shield (consumer product division [CPD]). Further, in 2012, the Oleochemicals, CMB, and CPD divisions were demerged into VIL. In 2024, the company sold its CPD to Wipro Consumer Care and Lighting for a consideration of Rs. 100 crore. At present, the key operating businesses of VIL are oleochemicals and CMB.

VIL also has a wholly owned subsidiary in Singapore, namely VVF Singapore Pte. Ltd., which is engaged in trading activities. To support its oleochemicals business, VIL incorporated a step-down subsidiary, PT VVF Indonesia, in Indonesia in 2008. PT VVF Indonesia procures CPKO from Indonesian plantations, and after splitting/distillation, the same is transferred to VIL. This helps VIL mitigate raw material price volatility to an extent.

Key financial indicators (audited)

VIL (Consolidated)	FY2025	FY2026
Operating income	2734.6	3186.9
PAT	97.6	91.7
OPBDIT/OI	7.5%	6.7%
PAT/OI	3.6%	2.9%
Total outside liabilities/Tangible net worth (times)	1.6	1.2
Total debt/OPBDIT (times)	1.6	1.5
Interest coverage (times)	3.1	4.1

Source: Company, ICRA Research; 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	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Aug 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Working Capital	Long term/ Short term	110.00	[ICRA]BBB- (Positive)/ [ICRA]A3	Sep 05, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-
Fund Based – Cash Credit	Long term	50.00	[ICRA]BBB- (Positive)	Sep 05, 2025	[ICRA]BBB- (Stable)	-	-	-	-
Fund Based – Term Loan	Long term	99.00	[ICRA]BBB- (Positive)	Sep 05, 2025	[ICRA]BBB- (Stable)	-	-	-	-
Non-Fund Based – Others	Long term/ Short term	7.00	[ICRA]BBB- (Positive)/ [ICRA]A3	Sep 05, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-
Unallocated	Long term/ Short term	134.00	[ICRA]BBB- (Positive)/ [ICRA]A3	Sep 05, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term- Fund Base – Working Capital	Simple
Long Term – Fund Based – Cash Credit	Simple
Long Term- Fund Based – Term Loan	Simple
Long Term/Short Term - Non-Fund Based – Others	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	Financial Sector Regulator#
NA	Fund based – Working Capital	July 7, 2026	8-11%	NA	110.00	[ICRA]BBB- (Positive)/ [ICRA]A3	RBI
NA	Fund Based – Cash Credit	July 7, 2026	11%	NA	50.00	[ICRA]BBB- (Positive)	RBI
NA	Fund Based – Term Loan	July 7, 2026	11%	FY2026-31	99.00	[ICRA]BBB- (Positive)	RBI
NA	Non-Fund Based – Others	NA	NA	NA	7.00	[ICRA]BBB- (Positive)/ [ICRA]A3	RBI
NA	Unallocated	NA	NA	NA	134.00	[ICRA]BBB- (Positive)/ [ICRA]A3	RBI

Source: Company

#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.

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
VVF Singapore Pte. Ltd.	100.00%	Full Consolidation
PT VVF Indonesia*	100.00%	Full Consolidation
Synergy India Marketing Private Limited	100.00%	Full Consolidation
VVF Social welfare foundation	50.00%	Equity Method

* VVF (India) Limited holds 12.32% directly and 87.68% is held indirectly through VIL's wholly owned subsidiary company VVF Singapore Pte Ltd

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 022 6114 3442
kinjal.shah@icraindia.com

Mythri Macherla
+91 80 4332 6407
mythri.macherla@icraindia.com

Kartik Hase
+91 22 6114 3451
kartik.hase@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