Rating Rationale

August 01, 2025 | Mumbai

Gokul Agro Resources Limited

Ratings upgraded to 'Crisil A/Stable/Crisil A1'

Rating Action

Total Bank Loan Facilities Rated	**Rs.2820 Crore**
Long Term Rating	**Crisil A/Stable (Upgraded from 'Crisil A-/Stable')**
Short Term Rating	**Crisil A1 (Upgraded from 'Crisil A2+')**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its ratings on the bank facilities of Gokul Agro Resources Ltd (GARL; part of the Gokul Agro group) to **'Crisil A/Stable/Crisil A1'** from 'Crisil A-/Stable/Crisil A2+'.

The upgrade reflects an improvement in the business and financial risk profile of the group. In fiscal 2025, sales grew by 41% to Rs 19,550 crore (as against Rs 13,854 crore in fiscal 2024), backed by growth in volume and realisations. Despite volatility in raw material prices, operating margin improved by 57 basis points (bps) to 2.7% in fiscal 2025, resulting in healthy cash accrual of Rs 300 crore. Growth in scale of operations, utilisation and efficiency, driven by ramp up of new refining capacities at Haldia and Krishnapatnam, aided profitability. The rating also factors in reduced dependence on palm oil, which contributed to 40% of revenue in fiscal 2025, vis-à-vis 60% in previous years.

The group is likely to record double-digit sales growth and maintain its operating margin with capital expenditure (capex) planned for bio-diesel and renewable energy in fiscal 2026. Prudent risk management practices will also help the operating margin sustain over the medium term. With higher reliance on credit from suppliers, the total outside liabilities to tangible networth (TOL/TNW) ratio stood at 2.9 times as of March 31, 2025 (as against 3.08 times as on March 31, 2024). However, the ratio could improve over the medium term, with no major capex plans post fiscal 2027, and with sufficient cash accrual to cover working capital expenses. Timely stabilisation of operations at the new plant in Mangalore and controlled working capital cycle remain key monitorables over the medium term.

The rating continues to reflect the group's established market position, its strong customer and supplier base, diversified sales mix, comfortable networth and sound operating efficiency. These strengths are partially offset by moderate debt protection metrics and susceptibility to risks and regulatory changes associated with the agro-based business.

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of GARL, and Riya Agro Industries Pvt Ltd (RAIPL; wholly owned subsidiary of GARL), Maurigo PTE Ltd (MPL; wholly owned subsidiary of GARL), Riya International PTE Ltd (RIPL; wholly owned subsidiary company of MPL), Maurigo Indo Holdings PTE Ltd (MIHPL ; wholly owned subsidiary of MPL), PT Riya Pasifik Nabati (associate of MIHPL). These entities, collectively referred to as the Gokul group, are under the same management and have operational and financial linkages.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Established presence with strong customer and supplier base: Mr Kanubhai Thakkar and his family members, the promoters of the Gokul Agro group, have been engaged in the agro-commodity business for over three decades. The group caters to a vast customer base, comprising more than 500 dealers and distributors, with the top five clients only contributing to 20-25% of overall revenue. The promoters have maintained healthy relationships with key companies in the fast moving consumer goods (FMCG) segment. The group has various edible oil brands - Vitalife, Zaika, Mahek, Pride, Richfield, Puffpride and Biscopride, which also lend diversity to the revenue profile.

On the procurement side, the group benefits from presence of its subsidiaries in Singapore (a key oil trading hub) and its longstanding association with large industry players and plantations. Longstanding presence has enabled the group to maintain healthy relationships with suppliers and buyers

Diversified sales mix, leading to large scale of operations: The group generates 90-95% of its revenue through palm, soya and sunflower oil (contribution of palm oil came down to 40% in fiscal 2025, from 53% in fiscal 2024). While the group has widespread geographic reach within the country, it derives 5-10% of its revenue from export of soya and mustard oil, de-oiled cakes, castor oil and its derivatives . With plants at Haldia in West Bengal (oil refining capacity of 1,200 tonne per day [TPD]) and Krishnapatnam in Andhra Pradesh (1,400 TPD) becoming operational, the group registered revenue of Rs 19,550 crore in fiscal 2025 (compounded annual growth rate of 18% recorded over past five fiscals). With change in the sales mix, the group has established its presence among top players in the edible oil segment.

Improving capital structure: The Gokul Agro group reported a healthy networth of Rs 1,035 crore as on March 31, 2025 (Rs 785 crore as on March 31, 2024). Gearing was comfortable at 0.51 time as on the same date. Total outside liabilities to tangible networth (TOLTNW) ratio was moderately high at 2.94 times (though improved from 3.08 times as on March 31, 2024), due to significant funding requirement of the group and its dependence on creditors for raw material procurement. Furthermore, in fiscal 2025, the group acquired the oil refining unit in Mangalore. However, adjusted indebtedness (fixed deposit, cash balance, secured receivables netted off from total outside liabilities) stood at 2.5 times as on March 31, 2025.

The group has undertaken a debt-funded capex of Rs 140-150 crore in fiscal 2026 to set up a bio-diesel unit (capacity of 300 TPD) and captive power plant at Gandhidham, Gujarat, enhance capacity at its newly acquired unit at Mangalore, and carry out operation work at the Chennai port. Capex is likely to be funded through term debt of Rs 102 crore and via internal accrual. Hence, the overall capital structure may remain leveraged over the medium term. The TOLTNW ratio could improve over the medium term with no major capex plans fiscal 2027 onwards, and with healthy cash accrual aiding working capital management; however, the ratio remains a key monitorable.

Sound operating efficiency: Operating margin has improved to 2.7% in fiscal 2025, from 2.13% in fiscal 2024, while return on capital employed (RoCE) was robust over 34.07% (against 23.40%) over the same period. RoCE has been healthy ranging between 17% and 34% in earlier fiscals as well. Sustenane of healthy RoCE in fiscal 2025 was backed by low yet improving operating margin and faster rotation of capital resulting in scale-up of operations. Capacity utilisation averaged 75-80% at the refining unit (through the year) and the seed crushing unit (during the season).

Weaknesses:

Moderate debt protection metrics: Debt comprises working capital debt, largely letter of credit-backed creditors, and debt availed to fund capex. Debt protection indicators were moderate, marked by interest coverage of 2.89 times and net cash accrual to adjusted debt ratio of 0.57 time in fiscal 2025, due to interest cost and bank charges increasing the effective cost of debt. With growth in revenue and operating profitability, debt coverage indicators should improve going forward, and shall remain a key monitorable factor.

Susceptibility to risks associated with agro-based business and regulatory changes: The edible oil business remains susceptible to availability and pricing of oil and regulatory changes impacting the industry players. Availability of oil, both in the domestic and international markets, is linked to oilseed production, which remains vulnerable to factors such as monsoon, acreage under cultivation and yield. The edible oil and packaged food industries also face significant intervention from the government, given the commoditised nature of products. To ensure remunerative prices to farmers, the government fixes the minimum support price on oilseeds periodically. Moreover, recent geopolitical tensions have disrupted sunflower and palm oil imports and this could adversely impact sourcing.

The domestic edible oil industry is closely monitored and regulated by the government because of its direct bearing on food plate composition of an average consumer. At various points in time, the government has brought in restrictions via imposition/reduction in duties and exemptions/limitations in imports of certain edible oils from certain countries. Furthermore, India’s high dependence on imports makes the industry vulnerable to international demand-supply dynamics and regulations in the origin country.

The Gokul Agro group derived around 40% of its revenue from palm products in fiscal 2025, indicating exposure to moderate revenue concentration and import dependence risk. Operating margin remains low and tends to be volatile, amidst sudden fluctuations in commodity prices and foreign exchange rates.

<u>Liquidity: Strong</u>

Utilisation of the fund-based limit averaged around 25% through the 12 months ended April 30, 2025 and that for the non-fund-based and fund-based limit averaged 87% over the same period. Expected cash accrual of more than Rs 320 crore should suffice to cover the term debt obligation of Rs 90-97 crore over the medium term. Current ratio was moderate at 1.16 times as on March 31, 2025. The group had unencumbered deposits with cash and bank balance of around Rs 192 crore as on the same date. Low gearing and moderate networth offer financial flexibility to withstand adverse conditions or downturn in the business.

<u>Outlook: Stable</u>

The Gokul Agro group will continue to benefit from the extensive experience of its promoters in the edible oil industry and their established relationships with clients.

<u>Rating sensitivity factors</u>

Upward factors

- Significant growth in revenue and operating margin, leading to significant improvement in net cash accrual
- Improvement in financial risk profile with TOL/TNW ratio lower than 2.2 times

Downward factors

- Increase in TOL/TNW ratio to over 3.0 times or weakening of debt protection metrics on a sustained basis
- Fall in operating margin, stretched working capital cycle or large capex, weakening liquidity

About the Group

GARL came into existence following the demerger of Gokul Refoils and Solvent Ltd (GRSL). The demerger received the approval and sanction from the High Court of Gujarat, effective from July 1, 2015. GRSL commenced operations as a partnership between Mr Kanubhai Thakkar and Mr Balvantsinh Rajput in 1982, and traded in sugar and edible oil . In 1992, the firm was incorporated as Gokul Refoils and Solvent Pvt Ltd. Over the years, it has expanded its refining capacity and has set up crushing and extraction facilities at different locations.

Operations are managed by Mr Kanubhai Thakkar and his family members. The Gokul Agro group has seed processing capacity of 3,200 TPD, de-oiled cakes capacity of 1,000 TPD, oil refining capacity of 6,250 TPD, vanaspati manufacturing capacity of 200 TPD and castor derivative capacity of 100 TPD at its plant in Gujarat, West Bengal, Andhra Pradesh and Karnataka.

GARL has a subsidiary, Maurigo Pte Ltd, and step-down subsidiary, Riya International Pte Ltd. These Singapore-based entities are engaged in procurement and supply arm of GARL. Their presence in Singapore eases procurement of crude oil and lowers the cost of borrowing for the group.

Key Financial Indicators – Crisil Ratings – adjusted numbers

As on / for the period ended March 31		2025	2024
Operating income	Rs crore	19,550.77	13,853.94
Reported profit after tax	Rs crore	245.58	135.76
PAT margins	%	1.26	0.98
Adjusted Debt/Adjusted Net worth	Times	0.51	0.75
Interest coverage	Times	2.89	2.51

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee&	NA	NA	NA	15.00	NA	Crisil A1
NA	Bank Guarantee	NA	NA	NA	60.00	NA	Crisil A1
NA	Credit Exposure Limits / Loan	NA	NA	NA	108.88	NA	Crisil A1

	Exposure Risk Limits						
NA	Export Packing Credit	NA	NA	NA	133.25	NA	Crisil A1
NA	Export Packing Credit&	NA	NA	NA	47.00	NA	Crisil A1
NA	Export Packing Credit%	NA	NA	NA	19.75	NA	Crisil A1
NA	Letter of Credit%	NA	NA	NA	85.00	NA	Crisil A1
NA	Letter of Credit&	NA	NA	NA	56.00	NA	Crisil A1
NA	Letter of Credit@	NA	NA	NA	200.00	NA	Crisil A1
NA	Letter of Credit	NA	NA	NA	1619.00	NA	Crisil A1
NA	Long Term Loan	NA	NA	31-Aug-25	0.47	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	30-Jun-26	6.30	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	05-May-36	23.26	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	01-Sep-32	111.03	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	20-Dec-30	176.54	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	31-Aug-25	5.89	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	31-Dec-29	141.15	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	31-Aug-25	11.48	NA	Crisil A/Stable

& - Includes combined working capital limit of Rs 118 cr with sub-limit of CC of Rs.10 Cr, Overdraft of Rs 5 Cr, WCDL/FCDL/WCTL/ PCFC/EPC/FBP/PSFC of Rs 50 Cr, Purchase bill / Invoice Discounting of Rs 50 Cr, LC Limit of Rs 118 Cr, SBLC /BG for buyers credit – Rs 118 Cr and Bank Guarantee of Rs 50 Cr.
% - Includes sub-limits of CC of 19.75 Cr, LC of Rs. 104.75 Cr.
@ - Includes sub-limits of STL of 10 Cr / EPC / BD /LC of 200 Cr.

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Gokul Agro Resources Ltd	Full consolidation	Entities are wholly owned subsidiary and step-down subsidiary under a common management and have significant business and financial interlinkages
Riya Agro Industries Pvt Ltd (RAIPL)		Subsidiary

Maurigo PTE Ltd (MPL)	Subsidiary
Riya International PTE Ltd (RIPL)	Wholly owned subsidiary of MPL
Maurigo Indo Holdings PTE Ltd (MIHPL)	Wholly owned subsidiary of MPL
PT Riya Pasifik Nabati	Associate of MIHPL

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	ST/LT	785.0	Crisil A1 / Crisil A/Stable	17-03-25	Crisil A-/Stable / Crisil A2+	30-10-24	Crisil A-/Stable / Crisil A2+	02-08-23	Crisil A-/Stable / Crisil A2+	24-05-22	Crisil BBB+/Stable / Crisil A2	Crisil BBB/Positive / Crisil A3+
			--		--	22-03-24	Crisil A-/Stable / Crisil A2+	03-02-23	Crisil A-/Stable / Crisil A2+		--	--
Non-Fund Based Facilities	ST	2035.0	Crisil A1	17-03-25	Crisil A2+	30-10-24	Crisil A2+	02-08-23	Crisil A2+	24-05-22	Crisil A2	Crisil A3+
			--		--	22-03-24	Crisil A2+	03-02-23	Crisil A2+		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee&	**15**	**IDFC FIRST Bank Limited**	**Crisil A1**
Bank Guarantee	**5**	**Bank Of India Limited**	**Crisil A1**
Bank Guarantee	**15**	**Axis Bank Limited**	**Crisil A1**
Bank Guarantee	**25**	**State Bank of India**	**Crisil A1**
Bank Guarantee	**15**	**Central Bank Of India Limited**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**10.38**	**Bank of Baroda**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**8**	**Central Bank Of India Limited**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**5**	**The Jammu and Kashmir Bank Limited**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**5**	**Bank Of India Limited**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**7**	**Axis Bank Limited**	**Crisil A1**
Credit Exposure Limits / Loan Exposure Risk Limits	**8.5**	**DBS Bank Limited**	**Crisil A1**

Credit Exposure Limits / Loan Exposure Risk Limits	20	YES Bank Limited	Crisil A1
Credit Exposure Limits / Loan Exposure Risk Limits	45	State Bank of India	Crisil A1
Export Packing Credit	35	Central Bank Of India Limited	Crisil A1
Export Packing Credit	10	The Jammu and Kashmir Bank Limited	Crisil A1
Export Packing Credit	50.25	State Bank of India	Crisil A1
Export Packing Credit&	47	IDFC FIRST Bank Limited	Crisil A1
Export Packing Credit	3	Bank Of India Limited	Crisil A1
Export Packing Credit%	19.75	Axis Bank Limited	Crisil A1
Export Packing Credit	35	Bank of Baroda	Crisil A1
Letter of Credit%	85	Axis Bank Limited	Crisil A1
Letter of Credit&	56	IDFC FIRST Bank Limited	Crisil A1
Letter of Credit	225	YES Bank Limited	Crisil A1
Letter of Credit@	200	Sumitomo Mitsui Banking Corporation	Crisil A1
Letter of Credit	140	Bank Of India Limited	Crisil A1
Letter of Credit	215	DBS Bank Limited	Crisil A1
Letter of Credit	500	State Bank of India	Crisil A1
Letter of Credit	245	Bank of Baroda	Crisil A1
Letter of Credit	249	Central Bank Of India Limited	Crisil A1
Letter of Credit	45	The Jammu and Kashmir Bank Limited	Crisil A1
Long Term Loan	0.47	Bank Of India Limited	Crisil A/Stable
Long Term Loan	6.3	IndusInd Bank Limited	Crisil A/Stable
Long Term Loan	23.26	ICICI Bank Limited	Crisil A/Stable
Long Term Loan	111.03	Bandhan Bank Limited	Crisil A/Stable
Long Term Loan	176.54	State Bank of India	Crisil A/Stable
Long Term Loan	5.89	Bank of Baroda	Crisil A/Stable
Long Term Loan	141.15	Central Bank Of India Limited	Crisil A/Stable

Long Term Loan	**11.48**	**The Jammu and Kashmir Bank Limited**	**Crisil A/Stable**

& - Includes combined working capital limit of Rs 118 cr with sub-limit of CC of Rs.10 Cr, Overdraft of Rs 5 Cr, WCDL/FCDL/WCTL/ PCFC/EPC/FBP/PSFC of Rs 50 Cr, Purchase bill / Invoice Discounting of Rs 50 Cr, LC Limit of Rs 118 Cr, SBLC /BG for buyers credit – Rs 118 Cr and Bank Guarantee of Rs 50 Cr.
% - Includes sub-limits of CC of 19.75 Cr, LC of Rs. 104.75 Cr.
@ - Includes sub-limits of STL of 10 Cr / EPC / BD /LC of 200 Cr.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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