

RDG Solvent Limited

January 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	150.00	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of RDG Solvent Limited (RDG) reflects promoters' extensive experience in edible oil industry, growing scale, improving profitability and established clientele. Rating strengths are partially offset by the working capital-intensive operations, moderate capital structure, vulnerability of margins to volatility in agro-commodity prices, and company's presence in a highly fragmented and competitive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-based growth resulting in growth in Total operating income (TOI) above ₹700 crore while maintaining operating profitability above 6%.
- Improvement in overall gearing below 1x and total debt/ profit before interest, lease, depreciation and tax (PBILDT) below 2x on a sustained basis.

Negative factors

- Deterioration in the capital structure marked by overall gearing ratio deteriorating above 2x.
- TOI falling below ₹350 crore and PBILDT margin below 4.00% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that RDGSL will continue to benefit from long-standing experience of its promoters in the industry.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established network

RDG is promoted by Vishal Garg and Anju Garg, promoters have over two decades of experience in the solvent extraction, edible oil industry and agri-commodity business. With its long presence, the company has established strong relations with suppliers and clients. The company's clientele includes marquee names such as Emami Agrotech Limited, Awl Agri Business Limited, Mahesh Edible Oil Industries Limited among others.

Growing revenue and improving profitability margin

The company's total operating revenue has been on increasing trend and grew at a compound annual growth rate (CAGR) of 32% in the last five years from ₹151 crore in FY21 to ₹461 crore in FY25. The company's revenue is expected to be over ₹650 crore in FY26 considering seasonally strong mustard throughput.

Profitability strengthened in the last three years, with PBIDT margin improving from 2.99% in FY23 to 7.32% in FY25, primarily driven by a strategic focus on mustard processing, which offers better margins and limited import competition compared to soybean. Gains were further supported by favourable inventory valuation in the season, quality-led pricing premiums from leading branded buyers, and operational efficiencies. With commissioning of a 2.5 MW captive biomass power plant is expected to reduce power costs significantly and enhance plant efficiency, which would result in maintaining healthy profitability, going forward.

Key weaknesses

Moderate capital structure

RDG has a moderately leveraged capital structure with overall gearing at 1.66x (PYE: 2.20x) and total debt to gross cash accruals (TD/GCA) at 6.07x as of March 31, 2025. Unsecured loans from promoters amounting to ₹15.51 crore have been subordinated

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

to bank debt and hence considered as quasi equity. The company's net worth base (including USL) stands moderate at ₹71 crore as on March 31, 2025. Coverage indicators are adequate indicated by PBIDT interest coverage ratio of 3.33x in FY25 (PY: 3.05x) and average DSCR projected above 2x.

Working capital intensity

The entity's operations are working capital intensive with gross current asset days and working capital cycle of 118 days (PY: 96 days) and 104 days (PY: 72 days) respectively in FY25. While collection period is short and about a week, inventory holding period remained high at 100 days in FY25 (PY: 75 days) as company maintains 2-3 months of raw material stock to ensure uninterrupted operations and hedge against crop-related price volatility. In FY25, net working capital (NWC) as a percentage of total capital employed stood at ~73% (PY: 69%), necessitating higher dependence on working capital bank limits.

Exposed to climatic risk associated with agro-commodity and competitive and fragmented industry

Crop availability depends on climatic conditions, cropping patterns, and demand-supply dynamics, making the entity's margins vulnerable to seasonal fluctuations that impact overall operations. Any increase in seed prices without a corresponding rise in the prices of de-oiled cake and edible crude oil could adversely affect RDG's profitability margins.

Profitability is also vulnerable to increasing competition in the solvent extraction and edible oil space. Indian edible oil industry is highly competitive and fragmented, with numerous small and regional players operating alongside large national brands. This fragmentation results from low entry barriers, such as simple processing technology, easy access to raw materials, and minimal regulatory requirements, which allow new entrants to start operations with limited capital investment. As a result, the market experiences intense price competition, thin profit margins, and frequent shifts in consumer loyalty.

Liquidity: Adequate

Liquidity is adequate, marked by comfortable current ratio at 1.33x as of March 31, 2025 (PYE: 1.26x) and a positive cash-flow from operations generated. Given, working capital intensive operations, the utilisation of working capital bank limits remained high at ~90% in last 12 months ended November 2025. The company is expected to generate adequate cash accruals of ~₹28 crore against debt repayment obligation of ~₹8 crore in FY26.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

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

RDG is based in Kota, Rajasthan, and was founded in November 2019 by Vishal Garg and Anju Garg. The company specialises in solvent extraction and operates a 600 MT per day crushing facility for soybean and mustard seeds. Its product portfolio includes refined soybean oil, high-protein soya meal (De-oiled cake or DOC), soya lecithin, and cold-pressed Kachigani mustard oil, and by-products such as mustard meal (DOC). RDG is equipped with a 2.5 MW biomass-based captive power plant, ensuring sustainable energy for its operations.

Promoters have also been associated in agro-product trading vide company named Rukmani Devi Garg Agro Impex Limited and have a warehousing business.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 30, 2025 (UA)
Total operating income	457.92	461.11	525.00
PBILDT*	25.09	33.75	NA
Profit after tax (PAT)	12.25	16.31	NA
Overall gearing (x)	2.20	1.66	NA
Interest coverage (x)	3.05	3.33	NA

A: Audited UA: Unaudited NA: Not Available; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	127.67	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	07-01-2031	22.33	CARE BBB-; Stable

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-Cash Credit	LT	127.67	CARE BBB-; Stable				
2	Fund-based - LT-Term Loan	LT	22.33	CARE BBB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/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

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.

Contact us

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