September 12, 2025

Ihsedu Agro Chem Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based – CC	5.00	20.00	[ICRA]A- (Stable); reaffirmed & assigned for enhanced amount
Long term - Fund based - CC – sublimit	-	(104.00)	[ICRA]A- (Stable); assigned
Fund based – Short term/Long term	-	25.00	[ICRA]A-(Stable)/[ICRA]A2+; assigned
Short term - Fund based	414.00	437.00	[ICRA]A2+; reaffirmed & assigned for enhanced amount
Short term - Non-fund based	13.00	0.00	-
Short term - Non-fund based – Sublimit	0.00	(13.00)	[ICRA]A2+; assigned
Total	**432.00**	**482.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of Jayant Agro-Organics Limited (JAOL) and Ihsedu Agro Chem Private Limited (IAPL), hereby known as the Jayant Group, given the strong operational and financial linkages between the two companies. IAPL manufactures castor oil which acts as a key input for producing castor oil derivatives made by JAOL. JAOL has also given a corporate guarantee, backing the entire borrowing programme of IAPL. The management remains common for both the entities.

The ratings factor in the experience of the promoters of over five decades in the castor oil industry and the Jayant Group's leadership position in the castor oil and castor oil-based derivatives business. The ratings also take into account the Group’s diversified product portfolio catering to several end-user industries. The ratings also consider the Group’s strategic tie-ups with a few reputed global chemical companies, which provides visibility on the volume offtake.

The ratings factor in the healthy net worth and comfortable capital structure of the Group at a consolidated level. JAOL’s consolidated operating profit before interest, taxes, depreciation and amortisation (OPBITDA) witnessed a modest growth in FY2025 at Rs. 108.7 crore (Rs. 97.1 crore in FY2024). The company’s working capital borrowings declined at the end of FY2025 to Rs. 95.7 crore from the FY2024-end levels of Rs. 140.6 crore owing to a decrease in the working capital intensity. As a result, the TD/OPBITDA improved to 1.0 times at the end of FY2025 from 1.6 times at the end of FY2024. However, as the working capital borrowings remained high during a major part of the year, the overall interest costs increased to Rs. 18.9 crore in FY2025 from Rs. 9.5 crore in FY2024, bringing down the interest coverage ratio to 5.7 times in FY2025 vis-à-vis 10.2 times in FY2024.

The ratings are, however, constrained by the exposure of the Group’s profitability to the volatility in commodity prices and forex rates and the moderate profit margins due to the high revenue share of the low-margin castor oil segment. The ratings are also constrained by the Group’s moderately high working capital intensity due to the relatively elevated raw material inventory and the competition from substitute products.

ICRA notes that the company derives ~20% of the export revenues from the US. The implementation of the 50% tariff on all products imported from India (barring a few exceptions) has raised uncertainty over the impact of the move on the sales volumes and pricing, going forward. However, the US has significant dependence on India for procuring castor oil (85-90% of the total castor oil imports in the US originate from India) as well as castor oil derivatives. Hence, ICRA expects the impact of the tariffs to be limited, given the lack of alternative supply sources for these products for the US. Nevertheless, the impact of the tariffs on the performance of the company will remain a key monitorable.

The Stable outlook reflects ICRA's opinion that the credit profile of the consolidated entity will remain comfortable in the medium term, supported by its established track record and the expected growth in the share of the higher margin castor derivative segment.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and leadership position in castor oil and castor oil-based derivatives business - The Jayant Group is the leading player in the country's castor oil and castor oil-based derivative products. The Group's promoters have over five decades of experience in the castor industry with second and third-generation qualified promoters running the company's operations. The Group has established relationships with several major global chemical companies. Arkema holds a 24.9% stake in IAPL. JAOL has a JV with Mitsui Chemicals and IOCCL to invest in VCPPL. Such arrangements ensure uninterrupted supply of castor oil and its derivatives for these global players, and in turn result in assured sales for JAOL at a consolidated level.

Diversified product profile - While the Group's castor oil sales have formed a significant proportion of the overall sales, the contribution of castor derivatives has gradually increased. The Group has gradually added capacity to manufacture new derivative products, and it now has a portfolio of ~80 derivative products used in various end-user industries, such as agriculture, electronics, cosmetics, food, lubricants and plastic, among others, out of which 20-25 products are major revenue drivers.

Healthy net worth and comfortable capital structure - JAOL's consolidated net worth remained healthy at Rs. 576.9 crore and the capital structure was comfortable, marked by a low gearing of 0.17 times as on March 31, 2025. The overall debt was Rs. 105.9 crore as on March 31, 2025, against Rs. 154.6 crore as on March 31, 2024, owing to the lower working capital debt utilisation at cut off. The coverage indicators were comfortable with interest cover and TD/OPBIDTA at 5.7 times and 1.0 times, respectively, in FY2025 compared to 10.2 times and 1.6 times, respectively, in FY2024.

Credit challenges

Profitability exposed to volatility in commodity prices and forex rates – As the Group is largely engaged in a commoditised business, any significant adverse fluctuation in the prices of castor seeds/castor oil or volatility in forex rates can impact the Group's profitability. However, the risk is partly mitigated by changes in the inventory holding policy in recent years with the procurement backed by orders and hedging in place for forex volatility. The profit margins also remain moderate due to high revenue share from the low-margin castor oil business. Given the recent implementation of 50% tariff by the US administration on all the products being exported by India to the US, the impact of the tariffs on the volume and profitability of the Jayant Group will remain a key monitorable going forward.

Moderate working capital intensity – JAOL's working capital intensity, at a consolidated level, had remained moderately high in the range of 25-30% during FY2017-FY2019 due to the elevated inventory levels. However, with changes in the inventory holding policy post FY2020, the working capital intensity has improved but still remains moderately high. The consolidated working capital intensity improved to 16% in FY2025 from 20% FY2024.

Competition from substitute products - Although the Group has a diversified product portfolio, some of the castor oil-based derivative products face competition from crude-based derivative products. This exposes the Group to risks related to product substitution.

Environmental and social risks

The Jayant Group's products are derivatives of edible oil and are not environmentally hazardous. However, the end-user industries served by the Group include polymers, plastics, rubbers etc, which are essentially hydrocarbon-based products and are facing increasing scrutiny owing to their environmental implications. The Group's product offtake can come under pressure if the end-user industries are affected. However, given a diversified customer profile, the Group is not expected to witness a significant impact on its operations.

In terms of social consideration, the product demand as well as operations are unlikely to be significantly impacted. Further, operating responsibly is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand the capacity. Any such development, going forward, will remain a key monitorable.

Liquidity position: Adequate

At a consolidated level, JAOL's liquidity position remains adequate with annual fund flow from operations of Rs. 70.2 crore in FY2025 along with cash and liquid investments of Rs. 9.32 crore as on March 31, 2025. Also, at a consolidated level, JAOL has a sanctioned fund-based working capital facility of Rs. 754.1 crore as on date, the average utilisation of which remained moderate at around 24.1% of the drawing power in the 12-month period ended March 2025. The company has modest repayment obligations of Rs. 2.51 crore in FY2026 and Rs. 2.74 crore in FY2027. It is expected to incur the maintenance capex of around Rs. 10 to 20 crores in FY2026 which would be funded through internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained healthy scale of operations and profitability at a consolidated level while maintaining comfortable credit metrics.

Negative factors – Pressure on the ratings could arise if there is any significant deterioration in the scale of operations and profits at a consolidated level on a sustained basis. A higher-than expected debt-funded capex or a stretch in the working capital cycle which weakens the liquidity profile will also affect the ratings. A specific credit metric for downgrade include the interest cover falling below 4.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Chemicals
Parent/Group support	Not Applicable
Consolidation/ Standalone	For arriving at the ratings, ICRA has considered consolidated financials of JAOL with the list of entities comprising of the consolidated financials given in Annexure-II

About the company

Ihsedu Agrochem Private Limited (IAPL) was set up by JAOL in 2002 as a backward-integration operation for seed crushing. In October 2013, Arkema acquired a 24.9% stake in IAPL. Ihsedu Coreagri Services Private Limited (ICSPL) was set up as a wholly-owned subsidiary of JAOL to manufacture hybrid seeds.

Ihsedu Itoh Green Chemicals Private Limited (IIGCMPL) was incorporated in 2011, with JAOL holding a 90% equity stake, which reduced to 60% after the purchase by IOCCL. In 2014, JAOL entered into a 50:40:10 JV agreement with Mitsui Chemicals and IOCCL to invest in Vithal Castor Polyols Private Limited (VCPPL).

JAOL was set up in 1992 for the manufacturing and marketing of castor oil and castor oil-based derivative products. JAOL was separated from the Jayant Oil Mills Group (set up in 1952) following the split of the Udeshi and Kapadia promoter families in 2002, and since then the Udeshi family has taken exclusive control of JAOL.

Key financial indicators (Audited)

JAOL Consolidated	FY2024	FY2025
Operating income	2,150.0	2,528.2
PAT	55.0	53.3
OPBDIT/OI	4.5%	4.3%
PAT/OI	2.6%	2.1%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	1.6	1.0
Interest coverage (times)	10.3	5.7

IAPL Standalone	FY2024	FY2025
Operating income	1768.6	2090.2
PAT	10.7	(4.8)
OPBDIT/OI	1.4%	0.6%
PAT/OI	0.6%	(0.2%)
Total outside liabilities/Tangible net worth (times)	1.8	1.3
Total debt/OPBDIT (times)	4.9	5.0
Interest coverage (times)	4.2	0.9

Source: Company, ICRA Research; 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: CRISIL Limited, vide its press release dated April 11, 2022, has disclosed that the ratings of Ihsedu Agro Chem Private Limited have been migrated to [CRISIL]BB+(Stable)/A4+ [Issuer not cooperating; rating withdrawn]

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Sep 12, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based limits	Long term	20.00	[ICRA]A- (Stable)	Jun-19-24	[ICRA]A- (Stable)	-	-	Mar-24-23	[ICRA]A- (Stable)
			-	-	-	-	-	May-10-22	[ICRA]A- (Positive)
Fund based limits	Short term	437.00	[ICRA]A2+	Jun-19-24	[ICRA]A2+	-	-	Mar-24-23	[ICRA]A2+
			-	-	-	-	-	May-10-22	[ICRA]A2+
Non-fund based limits	Short term	0.00	-	Jun-19-24	[ICRA]A2+	-	-	Mar-24-23	[ICRA]A2+
			-	-	-	-	-	May-10-22	[ICRA]A2+
Fund based - CC – Sublimit	Long term	(104.00)	[ICRA]A- (Stable)	-	-	-	-	-	-
Fund based	Long term / Short term	25.00	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-	-	-
Non-fund based – Sublimit	Short term	(13.00)	[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based – CC	Simple
Long term - Fund based - CC – Sublimit	Simple
Fund based – Short term / Long term	Simple
Short term - Fund based	Simple
Short term - Non-fund based – Sublimit	Very Simple

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	Long term - Fund based – CC	NA	NA	NA	20.00	[ICRA]A- (Stable)
NA	Long term - Fund based - CC – Sublimit	NA	NA	NA	(104.00)	[ICRA]A- (Stable)
NA	Fund based – Short term/Long term	NA	NA	NA	25.00	[ICRA]A-(Stable)/ [ICRA]A2+
NA	Short term - Fund based	NA	NA	NA	437.00	[ICRA]A2+
NA	Short term - Non-fund based – Sublimit	NA	NA	NA	(13.00)	[ICRA]A2+

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	JAOL ownership	Consolidation approach
Jayant Agro-Organics Limited	100.00% (rated entity)	Full consolidation
Ihsedu Agrochem Private Limited	75.10%	Full consolidation
Ihsedu Itoh Green Chemicals Marketing Private Limited	60.00%	Full consolidation
Ihsedu Coreagri Services Private Limited	100.00%	Full consolidation
Jacaco Private Limited	100.00%	Full consolidation
Jayant Specialty Products Private Limited	100.00%	Full consolidation
Vithal Castor Polyols Private Limited	50.00% (joint venture)	Equity method

Source: Annual Report FY2025

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