

January 09, 2026

Emami Agrotech Limited: [ICRA]A- (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based - Term loan	34.00	[ICRA]A- (Stable); assigned
Total	34.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to Emami Agrotech Limited (EAL) factors in its strong parentage, on account of being part of the Emami Group, which has a strong presence across multiple sectors in the domestic market, especially in Eastern and Northern India. In addition to receiving funding support in the past, EAL also enjoys corporate guarantees extended for its bank facilities by Suraj Finvest Private Limited (SFPL) and Diwakar Finvest Private Limited (DFPL). SFPL and DFPL together hold a significant equity share in key Emami Group companies, including Emami Limited, EAL, Emami Realty Limited, and Emami Paper Mills Limited¹.

The rating favourably considers the strong market position of EAL as one of the leading companies in India in the edible oil segment, with a wide distribution network across more than 15 states. It has well-established brands, viz., Emami and Himani, with a focus on palm and soyabean oil, in addition to several other categories, including mustard, sunflower and rice bran oil. The company reported revenues of Rs. 16,916.3 crore and an operating profit margin (OPM) of 2.7% in FY2025.

The rating is constrained by the exposure of profitability in the edible oil business to volatility in the prices of crude and refined edible oil, the risk of inventory losses, currency fluctuations, potential supply disruptions (given the high import dependence) and regulatory risks arising from import duty changes, besides high competitive intensity. While the company mitigates some of these risks through commodity and currency hedging, the possibility of unexpected losses in this business cannot be ruled out. For instance, the reduction in the import duty on major crude oils by the Government of India in May 2025 led to a decline in the effective import duty to 16.5% from 27.5%. This resulted in inventory losses on the duty-paid stock and subsequent finished goods of EAL, leading to a reduction in its OPM to 0.2% in Q1 FY2026 against revenues of Rs. 4,187.1 crore. However, EAL's performance has improved subsequently, aided by the increased differential between the effective import duty on refined and crude edible oils. Moreover, the company is making efforts to partly mitigate these risks by diversifying its presence into the foods segment, which is expected to provide stability to its revenues and earnings over the medium to long term. The foods segment of EAL is expected to gradually expand to a diversified product basket offering products across various categories, including staple foods, packaged and processed foods, as well as spices and condiments.

The rating is also constrained by EAL's moderate financial risk profile, characterised by TD/OPBDITA of 2.8x, TOL/TNW of 4.2x as on March 31, 2025, and interest coverage of 1.2x in FY2025.

The Stable outlook on the long-term rating reflects ICRA's opinion that EAL will maintain its credit profile, supported by healthy cash flow generation, steady debt reduction and limited reliance on incremental external funding, while continuing to enjoy financial support from the Emami Group, if needed.

¹ Emami Limited is the flagship company of the Emami Group and is one of India's leading Fast Moving Consumer Goods (FMCG) companies engaged in the manufacturing and marketing of personal care and healthcare products. It has strong cash flows and low financial leverage.

Key rating drivers and their description

Credit strengths

Strong parentage and financial support from Emami Group – EAL enjoys financial support from the Emami Group, which has extended support to various Group companies in the past, including EAL. For EAL, this manifested in an equity infusion of Rs. 938 crore in the form of zero-coupon optionally convertible debentures in FY2022. Furthermore, SFPL and DFPL have extended corporate guarantees for the bank facilities availed by various Emami Group entities, including EAL.

Strong market position, supported by established brands and wide distribution network – EAL has a strong market position in the edible oil business, leveraging its well-established brands, Emami Healthy and Tasty and Himani Best Choice. Aided by these brands, EAL has established a leading presence in the palm and soyabean oil segments, especially in eastern India. EAL's strong market position is also supported by its large distribution network, comprising more than 55 depots across 19 states and Union Territories, which cumulatively provide it with direct and indirect retail coverage of around 4 lakh outlets.

Strategic orientation towards expanding the foods business – Considering that the edible oil business remains exposed to risks associated with price volatility and regulatory uncertainty, in addition to low profitability, EAL is working towards developing a food products business with offerings such as soya chunks, atta, maida, suji, staple foods, spices, etc. Successful growth of this business over the medium-to-long term will partly mitigate the risks associated with the edible oil business to a certain extent.

Credit challenges

Profitability remains susceptible to high competitive intensity – The industry continues to face intense competition from both large and organised players, as well as from the fragmented, unorganised market. Moreover, intense competition and the price-sensitive nature of consumers might also restrict pricing flexibility to an extent.

Susceptibility of the edible oil business to price, inventory and currency risks – Similar to its peers, EAL's profitability remains exposed to volatility in the prices of crude and refined edible oil, the risk of inventory losses, currency fluctuations, and potential supply disruptions. In the past, the company witnessed volatility in profitability following disruptions in global supply chains, including the export ban on palm oil and its derivatives by Indonesia. The company undertakes commodity and forex hedging to mitigate these risks to a certain extent.

Moderate financial risk profile – After subdued performance in FY2023 and FY2024, years that were impacted by higher selling and marketing expenses and external factors such as raw material price volatility, EAL's performance improved in FY2025, with an operating income of Rs. 16,916.3 crore (+19% YoY) and an OPM of 2.7%. This improvement was aided by the strengthening of risk management policies, higher realisations, and reduced selling expenses. However, the company's financial risk profile remains moderate, as characterised by TD/OPBDITA of 2.8x and TOL/TNW of 4.2x as on March 31, 2025, and interest coverage of 1.2x in FY2025.

Regulatory risks on account of being part of the highly regulated edible oil industry – Indian edible oil refiners have a significant dependence on the import of crude edible oils. These imports remain exposed to the risk of changes in duty structures by the Government of India and the export policies of exporting countries. Thus, EAL remains exposed to regulatory risks arising from changing import and export duty structures.

Liquidity position: Adequate

EAL's liquidity is adequate, supported by its healthy cash and bank balances. EAL avails letter of credit facilities for imports, resulting in a higher requirement of non-fund-based limits, and frequently utilises additional limits at a 100% margin money requirement, leading to a high encumbered cash balance, largely kept as margin money towards LCs availed by the company. The scheduled term loan repayment of around Rs. 185 crore in FY2026 and Rs. 171 crore in FY2027 is expected to be largely

met through the company's operating cash flows and available cash balances. There are no major capital expenditure plans over the medium term. Moreover, the company enjoys financial support from the Emami Group, if needed.

Rating sensitivities

Positive factors – The rating may be upgraded in case of an increase in business diversity leading to an improvement in profitability or a reduction in leverage, while maintaining comfortable liquidity.

Negative factors – Any sustained weakening of profitability or large debt-funded capex weakening the credit metrics would exert pressure on EAL's ratings. Further, a material change in the Group's credit profile or committed support could also trigger a downward revision in the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Edible Oil
Parent/Group support	Parent Group: Emami Group ICRA expects the Emami Group to be willing to extend need-based financial support to EAL for any of its funding requirements owing to EAL's strategic significance to the Group
Consolidation/Standalone	Consolidated

About the company

Emami Agrotech Limited (EAL) is one of the leading players in the Indian edible oil industry, with an established presence in the Eastern and Northern states of India. Headquartered in Kolkata, West Bengal, the company has strong brand recall in and around the region, with the Emami Group being one of the largest conglomerates in the region, having a presence across multiple sectors. Within edible oils, EAL is largely focused on palm and soya oil, while having some presence in other categories such as sunflower, mustard, and rice bran oil. The company has also taken steps in recent years to diversify its revenue streams by increasing its presence in the food segment, including products such as soya chunks, atta, maida, suji, staple foods, spices, etc. The company has four manufacturing facilities located across India. EAL is owned by multiple investment companies of the Emami Group, with SFPL and DFPL being the two largest shareholders, owning an aggregate equity stake of 71%.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	14,214.8	16,916.3
PAT	33.9	63.4
OPBDIT/OI	2.8%	2.7%
PAT/OI	0.2%	0.4%
Total outside liabilities/Tangible net worth (times)	4.2	4.2
Total debt/OPBDIT (times)	3.4	2.8
Interest coverage (times)	1.0	1.2

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: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Jan 09, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	34.00	[ICRA]A- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based-Term loan	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	Fund based – term loan	-	-	-	34.00	[ICRA]A- (Stable)

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	EAL's Ownership	Consolidation Approach
Emami Biotech (Singapore) Pte. Ltd.	100%	Full consolidation

Source: EAL FY2025 financial statements

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