

October 05, 2026

Emami Agrotech Limited: Long-term rating reaffirmed; short-term rating assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long-term – Fund-based – Term loans	34.00	324.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount	RBI
Short-term – Fund-based - Others	0.00	400.00	[ICRA]A2+; assigned	RBI
Total	34.00	724.00		

*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 reaffirmed long-term rating and assigned short-term rating of Emami Agrotech Limited (EAL) factor in its strong parentage, as it is part of the Emami Group. The Group 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 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 ratings favourably consider the strong market position of EAL as one of the leading companies in India in the edible oil segment. The company has 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 recently launched its WeMe brand, marking its entry into the packaged snacking segment. This is expected to support business diversification and strengthen its position in the branded segment. The company reported revenues of Rs. 19,962.4 crore in FY2026 with an operating profit margin (OPM) of 1.4%, compared to 2.7% in FY2025. At the PAT level, it reported a net loss of around Rs. 286 crore against a profit of Rs. 63.4 crore in FY2025. While no major project capex is envisaged in the current fiscal, the company intends to set up a compressed biogas (CBG) plant in Madurai at an estimated cost of around Rs. 200 crore. The project is slated to commence in December 2026/January 2027 and will be completed over the following 18-20 months. It will be funded through a mix of term debt and unsecured promoter loans.

The ratings are constrained by the exposure of profitability in the edible oil business to volatility in 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. Competitive intensity in the segment is also high. 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 recent reduction in import duties on major crude edible oils by the Government of India would result in inventory losses on the duty-paid stock and the corresponding finished goods of EAL. However, the resultant impact on profitability is expected to be limited. Moreover, the company is making efforts to partly mitigate these risks by diversifying its presence into the foods segment. This is expected to provide stability over the medium-to-long term to EAL's revenues and earnings. The foods segment is expected to gradually expand to a diversified product basket spanning various categories, including staple foods, packaged and processed foods, as well as spices and condiments. The ratings are also

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.

constrained by EAL's moderate financial risk profile, characterised by TD/OPBDITA of 7.6x, TOL/TNW of 7.5x as on March 31, 2026, and interest coverage of 0.6x in FY2026.

The Stable outlook on the long-term rating reflects ICRA's opinion that EAL will maintain its healthy credit profile, supported by robust cashflow generation and a steady reduction in debt. EAL is also expected to continue enjoying strong financial support on account of being part of the well-established Emami Group.

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 – The edible oil business remains exposed to risks associated with price volatility and regulatory uncertainty, in addition to low profitability. Consequently, EAL is working towards developing a food products business with offerings such as soya chunks, atta, maida, suji, staple foods, spices, etc. Under the WeMe brand, the company recently launched traditional Bengali savouries (Aloo Bhaja/ Jhuri Bhaja), chips (3 variants) and chocolate spreads. These launches are aimed at expanding the food portfolio and providing stability to its earnings. Food remains a key focus area due to its superior margin profile and asset-light nature. Most new products are outsourced through third-party manufacturing arrangements under a purchase-and-sale model rather than conversion contracts. In-house food manufacturing is presently limited to spices, soya chunks and sattu. Future product launches are also expected to largely follow the outsourced model. 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, commodity price movements, duty changes and other market developments. The recent reduction in import duties on major crude edible oils by the Government of India would result in inventory losses on the duty-paid stock and the corresponding finished goods of EAL. However, the resultant impact on profitability is expected to be limited. The company undertakes commodity and forex hedging to mitigate these risks to a certain extent. Further, it has adopted the Manufacturing and Other Operations in Warehouse Regulations (MOOWR) scheme across its manufacturing facilities since Q3 FY2026. Under the scheme, the facilities operate as customs bonded warehouses, which help limit the impact of import duty changes on inventory valuations.

Moderate financial risk profile – EAL's performance was subdued in FY2026 due to inventory loss in Q1 FY2026, following the reduction in import duty on crude palm oil to 10% from 20%, a foreign exchange (forex) loss in Q4 FY2026 owing to the INR

depreciation on its structured derivative contracts, and a payout under the amnesty scheme towards an entry tax dispute pending before the Supreme Court. However, EAL's performance improved significantly in Q1 FY2027, with OPBDITA at around Rs. 127 crore (around Rs. 9 crore in Q1 FY2026) after accounting for a forex loss of around Rs. 40 crore (on the balance structured derivatives). Revenue increased to around Rs. 4,840 crore in Q1 FY2027 from around Rs. 4,130 crore in Q1 FY2026. The company has now fully moved out of structured derivative contracts and has shifted entirely to plain forward contracts for hedging. However, the company's financial risk profile remains moderate, as characterised by TD/OPBDITA of 7.6x and TOL/TNW of 7.5x as on March 31, 2026, and interest coverage of 0.6x in FY2026.

Regulatory risks on account of being part of the highly regulated edible oil industry – Indian edible oil refiners have a significant dependence on imports. These imports remain exposed to the risk of changes in duty structures by the Government of India and the policies of the source countries on exports. 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 free cash and bank balance of Rs. 380 crore as on March 31, 2026. The scheduled term loan repayment of around Rs. 169 crore in FY2027 and around Rs. 220 crore in FY2028 is expected to be largely met through the company's cashflow generation and available cash balance. EAL avails letter of credit facilities for imports, resulting in a higher requirement for non-fund-based limits. It also frequently utilises additional limits at a 100% margin money requirement, leading to a high encumbered cash balance of around Rs. 2,300 crore as on March 31, 2026. This is largely kept as margin money towards LCs availed by the company. The company plans to set up a compressed biogas (CBG) plant in Madurai at an estimated cost of around Rs. 200 crore. Implementation is scheduled to commence in December 2026/January 2027 and be completed within 18-20 months thereafter. The funding of the project is expected through term debt and unsecured promoter loans. Moreover, the company enjoys financial support on account of being part of the Emami Group.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company achieves greater business diversification, resulting in lower margin volatility and sustained improvement in profitability. This should be accompanied by a reduction in financial leverage and maintenance of comfortable liquidity.

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

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
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. The Emami Group is 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, with 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, with 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, together owning an aggregate equity stake of 71%.

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	16,916.3	19,962.4
PAT	63.4	(285.7)
OPBDIT/OI	2.7%	1.4%
PAT/OI	0.4%	-1.4%
Total outside liabilities/Tangible net worth (times)	4.2	7.5
Total debt/OPBDIT (times)	2.8	7.6
Interest coverage (times)	1.2	0.6

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	Amount rated (Rs. crore)	Current ratings (FY2027)		Chronology of rating history for the past 3 years		
			Date & rating in FY2027		Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			Oct 05, 2026	Jul 15, 2026	Jan 09, 2026	-	-
1 Fund based – Term loan	Long-term	324.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	-	-
2 Non-fund based - Others	Short-term	400.00	[ICRA]A2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Short-term – Fund-based - Others	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 ratings and outlook	Financial Sector Regulator [#]
NA	Term loans	FY2024	8-10%	FY2030	324.00	[ICRA]A- (Stable)	RBI
NA	Others	NA	NA	NA	400.00	[ICRA]A2+	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.

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Annexure II: List of entities considered for consolidated analysis

Company name	EAL's ownership	Consolidation approach
Emami Biotech (Singapore) Pte. Ltd.	100.00%	Full consolidation

Source: EAL FY2026 financial statements

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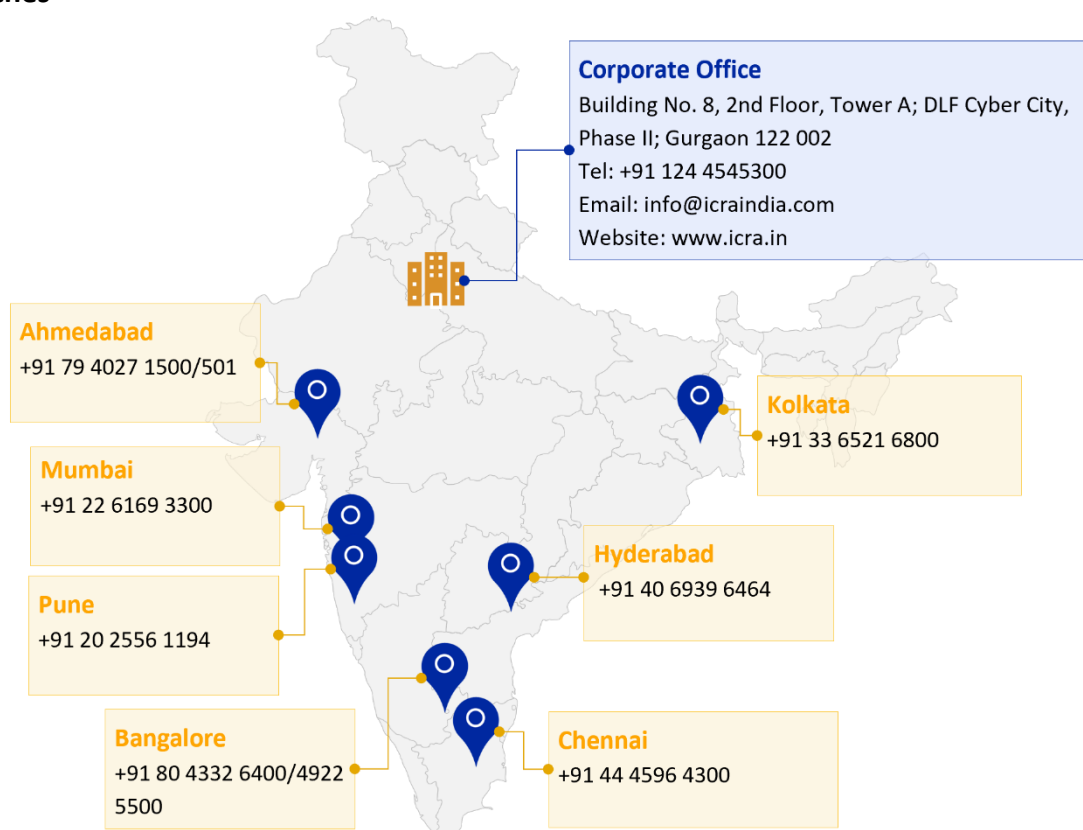
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