November 27, 2026

Ihsedu Agro Chem Private Limited: Long-term rating upgraded to [ICRA]A (Stable) and short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term - Fund based – CC	20.00	20.00	[ICRA]A (Stable): upgraded from [ICRA]A- (Stable)	RBI
Long term - Fund based - CC – Sublimit	(104.00)	(104.00)	[ICRA]A (Stable): upgraded from [ICRA]A- (Stable)	RBI
Fund based – Short term/Long term	25.00	50.00	[ICRA]A (Stable)/ [ICRA]A2+: long-term rating upgraded from [ICRA]A- (Stable) and short-term rating reaffirmed	RBI
Short term - Fund based	437.00	412.00	[ICRA]A2+: reaffirmed	RBI
Short term - Non-fund based – Sublimit	(13.00)	(13.00)	[ICRA]A2+: reaffirmed	RBI
TOTAL	**482.00**	**482.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCOREannexure 1 S and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of Jayant Agro-Organics Limited {JAOL, rated [ICRA]A (Stable)/[ICRA]A2+} 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 is 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 upgrade in the ratings assigned to the bank facilities of Jayant Agro-Organics Limited (JAOL) and Ihsedu Agro Chem Private Limited (IAPL) factors in an improvement in the Group's operating performance in H1 FY2027, following a stable performance in FY2026, supported by higher volumes, improved realisations and healthy profitability in the castor derivatives business. The company's credit metrics are expected to remain strong, supported by consistently healthy cash generation, with the interest coverage ratio projected to remain above 5.5x on a sustained basis.

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 take into consideration the Group's healthy net worth and comfortable capital structure at a consolidated level. JAOL's consolidated operating profit before interest, taxes, depreciation and amortisation (OPBITDA) stood at Rs. 107.5 crore in FY2026 compared with Rs. 113.2 crore in FY2025, while the operating margin remained stable at around 4.5% despite the moderation in sales volumes during the year. The operating performance improved in H1 FY2027, with the consolidated operating income increasing by around 35% YoY to Rs. 1,584.0 crore and the OPBITDA rising by around 56% YoY to Rs. 82.7 crore. Consequently, the operating margin improved to 5.2% in Hi FY2027 from 4.5% in H1 FY2026.

The Group's capital structure remained comfortable with a gearing of 0.20 times as on March 31, 2026, and a consolidated net worth of Rs. 610.1 crore. While the working capital borrowings increased during H1 FY2027 owing to higher inventory levels, elevated raw material prices and the seasonal nature of the business, which typically results in higher borrowings during the first half of a fiscal, the Group's debt protection metrics remained adequate with an interest coverage of 5.6 times in H1 FY2027.

The ratings are, however, constrained by the exposure of the Group's profitability to volatility in commodity prices and forex rates and the moderate profit margins because of 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.

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 a 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 the third and fourth generations of the promoter family currently managing the business, supported by professional expertise across technical, financial and operational functions. The Group has established relationships with several major global chemical companies.

Arkema holds a 24.9% stake in IAPL as a strategic investment to secure a reliable supply of castor oil for its downstream global operations. This strategic association provides significant offtake visibility for the Jayant Group and has resulted in a high degree of customer stickiness at the consolidated level. The Group also benefits from its long-standing relationships with global customers and strategic partners across the castor oil value chain, supporting offtake visibility and market position.

Diversified product profile - While the Group's castor oil sales form 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. It now has a portfolio of around 80 derivative products used in various end-user industries, such as agriculture, electronics, cosmetics, food, lubricants and plastic, among others, of which 20-25 products are major revenue drivers. The castor derivatives portfolio comprises both high-volume commodity products and specialised derivatives catering to diverse end-user industries. Further, the products used in specialised applications typically require customer qualification and approval, which can take 6-24 months, depending on the product and end-use, thereby supporting customer stickiness and creating entry barriers for new manufacturers.

Healthy net worth and comfortable capital structure - JAOL's consolidated net worth remained healthy at Rs. 610.1 crore and the capital structure was comfortable, marked by a low gearing of 0.20 times as on March 31, 2026. The overall debt stood at Rs. 131.2 crore as on March 31, 2026, compared to Rs. 109.7 crore as on March 31, 2025, owing to higher working capital borrowings towards the year-end. Nevertheless, the coverage indicators remained comfortable with the interest cover at 6.99 times and TD/OPBITDA at 1.22 times in FY2026 compared with an interest cover of 5.98 times and TD/OPBITDA of 0.97 times in FY2025. While the working capital borrowings increased during H1 FY2027 on account of higher inventory levels and elevated castor seed prices, the debt protection metrics remained adequate with an interest coverage of 5.6 times.

Credit challenges

Profitability exposed to volatility in commodity prices– As the Group is largely engaged in a commoditised business, any significant adverse fluctuation in the prices of castor seeds/castor oil can impact 'its profitability and working capital requirements. However, the risk is partly mitigated by changes in the inventory holding policy in recent years, with the

procurement largely backed by orders. Further, 85-90% of the inventory is generally backed by confirmed customer orders, while the balance is maintained against anticipated requirements. The profit margins also remain moderate due to the high revenue share of the low-margin castor oil business. The company undertakes hedging of its foreign exchange exposure, keeping the risk of forex volatility low.

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 improved and stood at 18.0% in FY2026. During H1 FY2027, the working capital intensity increased to 25.1% due to higher inventory levels, increased procurement volumes and elevated castor seed prices.

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, some of the Group's key end-user industries, including polymers, plastics and rubbers, are hydrocarbon-based and are increasingly subject to environmental scrutiny. Hence, any adverse impact on these industries could affect demand for the Group's products'. However, given the Group's diversified customer profile and end-use applications, it is not expected to witness a significant impact on its operations. At the same time, castor-based chemicals benefit from their bio-based characteristics and can act as substitutes for petroleum-based products across certain applications, although the customer adoption remains dependent on their price competitiveness.

From a social perspective, the Group's operations and product demand are unlikely to be significantly impacted by adverse social factors. 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 Group's 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. 73.2 crore in FY2026 along with cash and liquid investments. Also, at a consolidated level, JAOL had a sanctioned fund-based working capital facility of Rs. 749.0 crore as on March 31, 2026, the average utilisation of which remained moderate at around 34% of the drawing power during the 15-month period ended June 2026. The company has modest repayment obligations of Rs.2.7 crore in FY2027, Rs. 2.96 crore in FY2028 and Rs. 2.07 crore in FY2029. The company is expected to incur annual maintenance and routine capex of Rs. 20-40 crore, which is expected to 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. An interest coverage ratio below 5.0x on a sustained basis may result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of JAOL. The list of entities considered for the consolidated financials is given in Annexure II

About the company

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.

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.

Key financial indicators (audited)

JAOL Consolidated	FY2025	FY2026	H1 FY2027*
Operating income	2,528.2	2,405.8	1,584.0
PAT	53.3	51.7	42.1
OPBDIT/OI	4.7%	4.7%	5.2%
PAT/OI	2.1%	2.1%	2.7%
Total outside liabilities/Tangible net worth (times)	0.4	0.5	0.9
Total debt/OPBDIT (times)	1.0	1.2	2.8
Interest coverage (times)	6.0	7.0	5.6

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

IAPL Standalone	FY2025	FY2026
Operating income	2,090.2	1,990.4
PAT	-4.8	-1.4
OPBDIT/OI	0.6%	0.6%
PAT/OI	-0.2%	-0.1%
Total outside liabilities/Tangible net worth (times)	1.3	1.9
Total debt/OPBDIT (times)	5.0	6.9
Interest coverage (times)	0.9	1.1

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

		Current (FY2027)		Chronology of rating history for the past 3 years					
		FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based limits-CC	Long term	20.00	**[ICRA]A (Stable)**	Sep 12, 2025	[ICRA]A-(Stable)	Jun-19-24	[ICRA]A-(Stable)	-	-
			-	-	-	-	-	-	-
Fund based limits	Short term	412.00	**[ICRA]A2+**	Sep 12, 2025	[ICRA]A2+	Jun-19-24	[ICRA]A2+	-	-
			-	-	-	-	-	-	-
Non-fund based limits	Short term	0.00	-	-	-	Jun-19-24	[ICRA]A2+	-	-
			-	-	-	-	-	-	-
Fund based - CC – Sublimit	Long term	(104.00)	**[ICRA]A (Stable)**	Sep 12, 2025	[ICRA]A-(Stable)	-	-	-	-
Fund based	Long term / Short term	50.00	**[ICRA]A(Stable)/ [ICRA]A2+**	Sep 12, 2025	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-
Non-fund based – Sublimit	Short term	(13.00)	**[ICRA]A2+**	Sep 12, 2025	[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	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	Financial sector regulator#
NA	Long term - Fund based – CC	NA	NA	NA	20.00	[ICRA]A (Stable)	RBI
NA	Long term - Fund based - CC – Sublimit	NA	NA	NA	(104.00)	[ICRA]A (Stable)	RBI
NA	Fund based – Short term/Long term	NA	NA	NA	50.00	[ICRA]A (Stable)/ [ICRA]A2+	RBI
NA	Short term - Fund based	NA	NA	NA	412.00	[ICRA]A2+	RBI
NA	Short term - Non-fund based – Sublimit	NA	NA	NA	(13.00)	[ICRA]A2+	RBI

Source: Company

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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	90.00%	Full consolidation

Source: Annual Report FY2026

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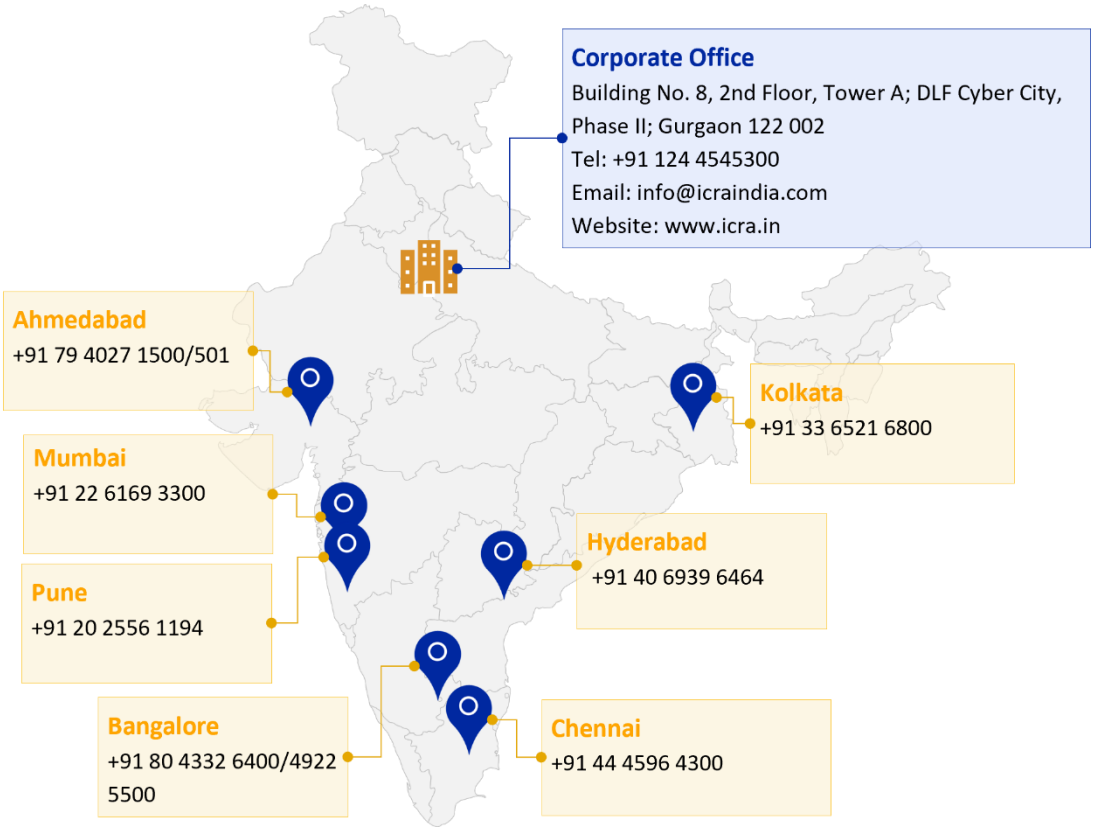

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