

July 09, 2026

Kalpesh Corporation: Ratings reaffirmed; removed from Watch with Negative Implications and Stable outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	60.00	60.00	[ICRA]BB (Stable); Rating reaffirmed and removed from Watch with Negative Implications; Stable outlook assigned
Long-term – Fund-based – Term loan	5.78	5.78	[ICRA]BB (Stable); Rating reaffirmed and removed from Watch with Negative Implications; Stable outlook assigned
Long-term / Short-term – Unallocated	0.22	0.22	[ICRA]BB (Stable)/[ICRA]A4; Rating reaffirmed and removed from Watch with Negative Implications; Stable outlook assigned
Total	66.00	66.00	

*Instrument details are provided in Annexure-II

Rationale

The ratings reaffirmation of the bank facilities of Kalpesh Corporations (KC) and the revision of the outlook to Stable from Watch Negative factor in the removal of the tariffs previously imposed by the United States (US) and the consequent recovery in demand and sales volumes. The company derives a significant portion of its revenues from the export of psyllium husk, with exports accounting for around 67% of operating income in FY2026 compared with 83% in FY2025. Sales to the US constituted 46.1% of the operating income in FY2026, with the firm catering to established customers such as Raritan Pharmaceuticals and Procter & Gamble. The tariff-related uncertainty in the US market in FY2026 adversely impacted demand from key customers, resulting in a 15.1% year-over-year decrease in operating revenue. The decline was driven by lower realisations and a moderation in sales volumes. Further, customers adopted a cautious inventory procurement approach and maintained lower stock levels during Q2 and Q3 FY2026 amid uncertainty regarding the continuation of the tariffs, which affected demand. Following the removal of the tariffs in January 2026, the company witnessed a recovery in sales volumes as customers resumed inventory replenishment to meet their demand requirements and bridge the gap from the previous year.

The ratings also take into account KC's established track record in the psyllium processing industry, extensive experience of the promoters and long-standing relationships with reputed domestic and international customers, which supported the business during the period of tariff-related disruptions. Further, the firm benefits from its strategic location in Unjha, Gujarat, a major trading hub for psyllium seeds, and its proximity to Mundra Port, which facilitates efficient procurement of raw materials and timely export of finished products.

However, the ratings remain constrained by the firm's thin operating margins and weak debt protection metrics, which are unlikely to witness any material improvement in the near term. The ratings are further constrained by its stretched liquidity position, as reflected in the consistently elevated utilisation of its working capital limits, inherent to the nature of its business and expected to persist over the medium term. The ratings also factor in the highly competitive and fragmented nature of the industry, which limits pricing flexibility, and the firm's exposure to agro-climatic risks affecting raw material availability and prices. Additionally, KC is subject to changes in export-related regulations and policies, particularly given its significant dependence on international markets. As the company operates in the food processing industry, it continues to be vulnerable to quality and reputation risks, which could have an adverse impact on its business profile and customer relationships. ICRA also notes the potential impact on its net worth and capital structure in the event of any substantial withdrawal from the partners' capital accounts, given its constitution as a partnership firm.

The Stable outlook reflects ICRA's expectation that KC will maintain its market position and customer relationships, supported by the recovery in export market following the removal of US tariffs. The outlook also factors in the firm's ability to sustain operating performance and debt protection metrics at levels commensurate with the current rating, while prudently managing working capital requirements and liquidity despite continued exposure to commodity price and export demand fluctuations.

Key rating drivers and their description

Credit strengths

Extensive experience of the partners – Established in 1992, the firm is engaged in the manufacturing and export of psyllium husk powder. It benefits from the extensive industry experience of its partners, Mr. Jitendra Kumar Nayak and Mr. Ramesh Kumar Nayak, who have over three decades of experience in the agro-commodity industry and oversee the day-to-day operations and strategic decision-making.

Reputed customer profile – KC has long-standing relationships with leading global customers in the fast-moving consumer goods (FMCG) and pharmaceutical sectors, supporting repeat business and revenue visibility. Its key export customers include Procter & Gamble, Raritan Pharmaceuticals (US) and Dr. Schär (Europe), while prominent domestic customers include Ispasen Remedies and Kitchen Xpress.

Location-specific advantages – The firm benefits from its strategic location in Unjha, Gujarat, a key hub for psyllium cultivation and trading, ensuring easy access to raw materials. Further, its proximity to Mundra Port facilitates efficient export logistics, supporting timely dispatch of products to international markets.

Credit challenges

Financial profile characterised by thin profit margins and weak debt coverage metrics – The firm's operating income declined by about 15.1% in FY2026, primarily on account of tariff-related uncertainty in the US market and lower realisations of psyllium husk products. Nevertheless, the operating profit margin (OPM) increased marginally to 4.0% in FY2026 from 3.8% in FY2025, supported by a sharper decrease in raw material costs than the reduction in realisations, along with lower freight expenses due to the moderation in export volumes during the year. Despite the improvement, profitability remained constrained by the low value-added nature of operations, volatility in raw material prices and intense industry competition. Consequently, the firm's debt coverage indicators continued to be weak, as reflected by an interest coverage ratio of 1.7 times and Total Debt/OPBITDA of 7.1 times in FY2026 (provisional).

Intense competition and exposure to regulatory changes and quality related risks – The firm's profitability remains exposed to changes in export-related regulations and incentive schemes, given its significant dependence on export markets. Further, the relatively low value-added nature of operations and intense competition in the industry continue to exert pressure on margins. As the company operates in the food products industry, it also remains exposed to quality and reputation risks, with any deterioration in product quality, failure to comply with regulatory standards or adverse customer feedback potentially affecting its pricing flexibility, customer relationships and business prospects.

Vulnerability of profitability to fluctuations in raw material prices and foreign exchange rates – The firm's profitability remains susceptible to fluctuations in agro-commodity prices, particularly psyllium seeds, which are influenced by agro-climatic conditions and prevailing demand-supply dynamics. Further, it continues to be exposed to foreign exchange rate movements, given its sizeable export sales. Exports accounted for more than 65% of the firm's revenues in FY2026 compared to 83% in FY2025, with the decline primarily attributable to tariff-related uncertainty in the US market during the year. However, with the stabilisation of the export environment, export demand is expected to remain supported over the medium term. Nevertheless, the extensive experience of the partners and the firm's practice of undertaking 100% hedging of export receivables mitigate the associated risks to an extent.

Risk associated with partnership firm – As a partnership firm, KC remains exposed to the inherent risks associated with its constitution. These include the possibility of capital withdrawals by partners, which could adversely impact its capital structure

and net worth, as well as the risk of dissolution upon the retirement, death or insolvency of any partner, which could affect the continuity of operations.

Liquidity position: Stretched

The firm's liquidity position remains Stretched, characterised by modest internal accrual generation and low free cash balances. Consequently, the utilisation of its working capital facilities was still high, averaging 97% during the 12-month period ended in March 2026. The firm has scheduled long-term debt repayment obligations of Rs. 1.4 crore in FY2027, Rs. 1.2 crore in FY2028 and Rs. 0.6 crore in FY2029. Nevertheless, ICRA expects the projected level of internal accruals to remain adequate to meet the scheduled debt repayment requirements over the medium term.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the liquidity position of the firm improves and it demonstrates an improvement in its profitability while maintaining revenues, leading to higher cash accruals. Specific credit metrics that could result in ratings upgrade includes an interest cover of more than 2.5 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if there is any significant decline in the firm's scale and earnings, leading to deterioration in its debt protection metrics on a sustained basis. Any major debt-funded capex, or large capital withdrawal by the partners or a stretch in the working capital cycle, impacting the capital structure and the liquidity profile, could also result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Established in 1992, Kalpesh Corporation (KC), based in Unjha, Gujarat, is engaged in the manufacturing and export of psyllium (isabgol) husk powder. The firm also undertakes cleaning and sorting of agro commodities such as cumin seeds and fennel seeds on a job-work basis. KC is managed by its partners, Mr. Jitendra Kumar Nayak and Mr. Ramesh Kumar Nayak, who possess over three decades of experience in the agro-commodity industry and oversee the firm's operations and business development activities.

Key financial indicators (Audited/Provisional)

KC (standalone)	FY2025	FY2026*
Operating income (OI)	340.8	289.4
PAT	3.3	2.4
OPBDIT/OI	3.8%	4.0%
PAT/OI	1.0%	0.8%
Total outside liabilities/Tangible net worth (times)	5.3	5.0
Total debt/OPBDIT (times)	6.6	7.2
Interest coverage (times)	1.8	1.7

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation;

* Provisional financials; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jul 09, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	60.00	[ICRA]BB (Stable)	Oct 07, 2025	[ICRA]BB; Rating Watch with Negative Implications	-	-	Mar 15, 2024	[ICRA]BB (Stable)
				May 20, 2025	[ICRA]BB (Stable)	-	-	Aug 04, 2023	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
Term loans	Long-term	5.78	[ICRA]BB (Stable)	Oct 07, 2025	[ICRA]BB; Rating Watch with Negative Implications	-	-	Mar 15, 2024	[ICRA]BB (Stable)
				May 20, 2025	[ICRA]BB (Stable)	-	-	Aug 04, 2023	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
Unallocated	Long-term/Short-term	0.22	[ICRA]BB (Stable)/[ICRA]A4	Oct 07, 2025	[ICRA]BB; Rating Watch with Negative Implications/[ICRA]A4; Rating Watch with Negative Implications	-	-	Mar 15, 2024	[ICRA]BB (Stable)/[ICRA]A4
				May 20, 2025	[ICRA]BB (Stable)/[ICRA]A4	-	-	Aug 04, 2023	[ICRA]B+ (Stable) ISSUER NOT COOPERATING/[ICRA]A4 ISSUER NOT COOPERATING
Cash credit	Short-term	-	-	-	-	-	-	Aug 04, 2023	[ICRA]A4 ISSUER NOT COOPERATING

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. no.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA

Sr. no.	Instrument	FSR
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. no.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: 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 FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Fund-based – Term loan	Simple
Long-term / Short-term – Unallocated	Not applicable

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	NA	9.50%	NA	60.00	[ICRA]BB (Stable)
NA	Term loans	FY2023	9.25%	FY2030	5.78	[ICRA]BB (Stable)
NA	Unallocated	NA	NA	NA	0.22	[ICRA]BB (Stable)/[ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis: Not applicable

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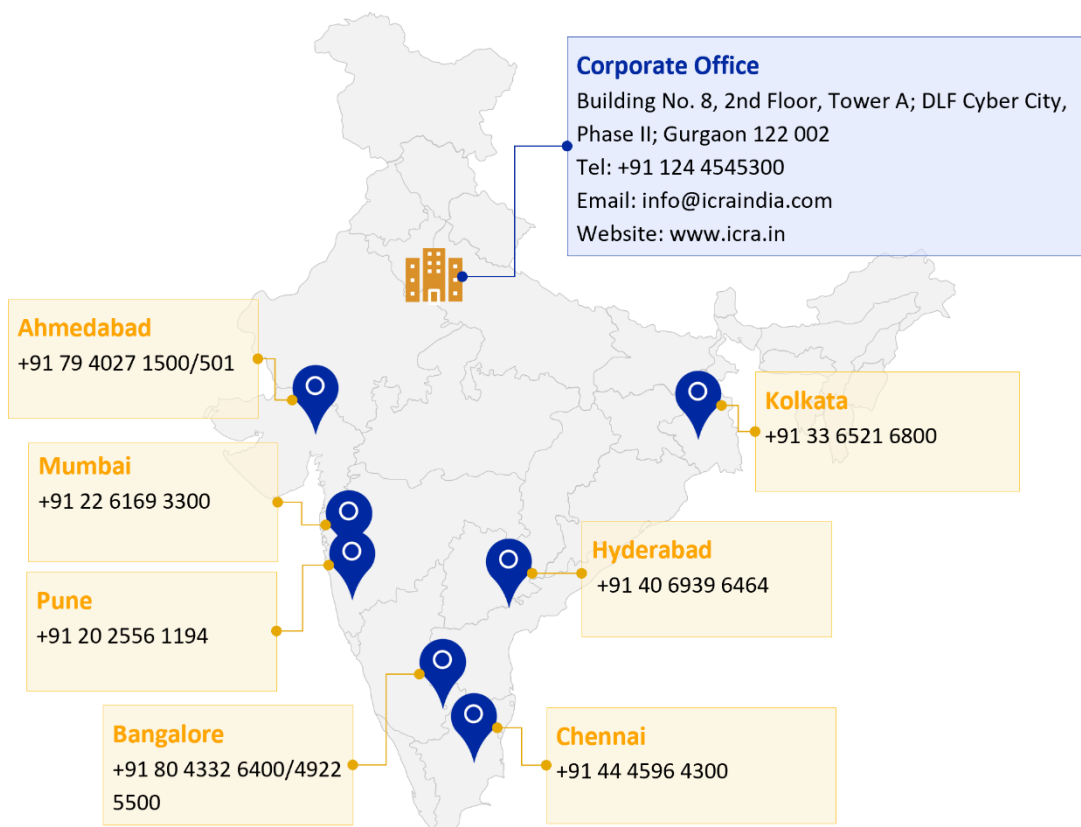
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