July 09, 2026

Yasho Industries Limited: [ICRA]A- (Stable)/[ICRA]A2+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	218.25	[ICRA]A- (Stable); assigned
Long term/Short term - Fund based/Non-fund based – Working capital facilities	225.00	[ICRA]A- (Stable)/[ICRA]A2+; assigned
Long term – Unallocated limits	56.75	[ICRA]A- (Stable); assigned
Total	**500.00**	

**Instrument details are provided in Annexure II*

Rationale

The ratings assigned to Yasho Industries Limited (YIL) take into account its established track record in the specialty chemicals industry and its diversified customer base. Further, the ratings factor in the company's sustained revenue growth, along with stable and healthy operating profit margins. YIL has demonstrated steady revenue growth over the past few years, with the revenues increasing to ~Rs. 830 crore in FY2026 from ~Rs. 366 crore in FY2021, while consistently maintaining operating margins in the range of 15–18% during FY2021–FY2026. This performance is supported by its diversified product portfolio within the specialty chemicals segment. Going forward, the revenue growth is expected to remain steady, supported by continued healthy profitability.

The company operates in two broad segments – industrial chemicals (rubber chemicals, lubricant additives, etc.) and consumer chemicals (aroma chemicals, food industry etc.) and offers a wide range of products to the customers. YIL has three manufacturing facilities at Vapi (Gujarat) and has set up a new manufacturing facility at Pakhajan (Gujarat) in the last two years. The company's diversified product mix aided by its in-house research and development (R&D) capabilities and broad customer base, which includes reputed entities across both domestic and export markets, further enhances its business risk profile. ICRA also notes that the new tie-up announced by the company with an international customer for a few products will not only expand its product portfolio but also provide a thrust to the operating income and profitability.

However, the ratings are constrained by elevated debt levels which have resulted in moderate coverage metrics. Moreover, the ratings remain constrained by the elevated working capital intensity of operations, which during periods of high growth blocks sizeable capital for the company. While the working capital intensity has reduced in FY2026 and is structurally expected to moderate further, the sustenance of the trend remains to be seen. Also, the company's performance is susceptible to volatility in raw material prices and foreign exchange rates, but its ability to pass on the input cost fluctuations to some extent mitigates this risk. The company also remains exposed to changes in the regulatory environment.

The Stable outlook reflects ICRA's opinion that the company will be able to achieve a steady improvement in its operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, which will help expand the product portfolio, will be funded in a manner that it is able to durably maintain its debt protection metrics.

Key rating drivers and their description

Credit strengths

Established track record along with longstanding relationships with a diversified customer base – YIL was incorporated in 1985 as a chemical trader. Its first manufacturing unit was set up in 1993 at Vapi (Gujarat) with the operations commencing for supplying specialty chemicals for aroma chemicals & food chemicals. YIL entered the rubber chemicals space in 2000, and lubricant additives segment in 2010. YIL has set up a new manufacturing facility at Pakhajan (Gujarat) which commenced commercial operations in April 2024. YIL's products find application across diverse end-user industries such as tyres, automobile components, hydraulic & mechanical components, oils & greases, printing, coating, pharmaceuticals, agrochemicals, food industry, flavours & fragrances etc. It has an established market position due to its long-term relationships with its diversified customers.

Sustained revenue growth with healthy profit margins over the last few years (FY2021 – FY2026) – YIL has reported steady revenue growth over the last few years with the revenues rising to ~Rs. 830 crore in FY2026 from ~Rs. 366 crore in FY2021, supported by higher volumes. Industrial chemicals (rubber chemicals, lubricant additives etc.) contribute 85-90% to the total revenue, while consumer chemicals (aroma chemicals, food industry etc.) account for the remaining 10-15%. YIL has been consistently maintaining operating margins in the range of 15–18% over the past few years (FY2021-26), supported by its well-diversified product mix and operating leverage.

Diversified portfolio of products aided by R&D capabilities - YIL's portfolio comprises of around 150 products marketed to over 2,000 customers, including both domestic and global customers across more than 50 countries (including the United States, Europe, Asia, etc.). Further, the R&D capabilities have helped the company manufacture products using multiple chemistries and technologies, thus diversifying its product portfolio and end-user industries and contributing materially to the revenue growth.

Credit challenges

Moderate coverage metrics; likely to improve in near to medium term – YIL's total debt as on March 31, 2026, stood at ~Rs. 555.60. The capital structure remains moderate with gearing of 1.3x and total debt to OPBDITA of 3.9x in FY2026. Going forward, the debt-to-OPBDITA is expected to improve as the company does not intend to take any new term loan and intends to fund its capex from internal accruals. Though the absolute debt may increase on the back of increased short-term debt to meet the working capital requirements, the total debt-to-OPBDITA is expected to be around 2.5x to 2.8x in FY2027.

In FY2026, the debt coverage metrics remained moderate with interest coverage ratio of 2.6x and DSCR of 1.7x. The coverage metrics are projected to improve, going forward, due to an anticipated reduction in long-term debt and reliance on internal accruals for capex.

High working capital intensity, led by elevated inventory levels – The working capital intensity has remained high owing to the elevated inventory levels. The inventory levels are elevated as the company needs to maintain higher number of batches of chemicals required to be sent for customer approvals. By maintaining a large inventory, YIL was able to manage the recent supply disruptions during the recent geopolitical tensions without any significant adverse impact on its operations. However, the inventory levels have come down in FY2026 vis-à-vis FY2025. Going forward, the management expects to slowly bring down the inventory levels. The overall working capital cycle has also decreased in FY2026, though it remains elevated.

Exposure to foreign exchange and raw material price volatility – YIL's margins remain vulnerable to the volatility in raw material prices for key intermediates. However, YIL is able to pass on such price hikes to its customers with the prices being revised on quarterly basis. Further, exports account for 60-62% of the total sales, while imports constitute 50-55% of the total raw material procurement. China accounts for 20-25% of the total imports, with the rest coming in from regions such as the

US and Europe. However, the forex impact is mitigated to an extent as YIL is a net exporter, which provides a natural hedge against imports and the company also follows a policy of hedging ~50% of its foreign currency exposure.

Environmental and social risks

Environmental considerations - The industry in which the company operates and the products it deals with involves the handling of hazardous and inflammable materials. The company has ensured that the required process control, safety equipment and infrastructure are in place, as per the global safety standards. These risks are somewhat mitigated by the company's track record of environmental compliance and strong operational capabilities.

Social considerations - The company is also exposed to social risks related to responsible production, human capital, health, and safety issues.

Liquidity position: Adequate

YIL's liquidity position is expected to remain adequate with an average utilisation of 70% of its working capital limits for the past 12 months ended May 2026. The entity had free cash of ~Rs. 3.52 crore as on March 31, 2026, and undrawn working capital limits of ~Rs. 65 crore as on May 31, 2026. The expected cash flow from operations is expected to remain adequate to service the moderate repayment obligation in FY2027. The entity is expected to incur a capex of ~Rs. 200 crore in FY2027 which will be largely met through internal accruals and customer advances. ICRA notes that the company is undertaking significant capex, which will be funded through internal accruals and customer advances, and considering the high working capital intensity (working capital requirements are expected to remain elevated, although the intensity is expected to witness a decline vis-à-vis previous fiscals), however, the cash flow generations will be sufficient to meet these requirements.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a sustained growth in its scale while maintaining the profitability, along with an improvement in the debt coverage metrics. Additionally, a reduction in the working capital cycle leading to an improved liquidity position would act as a positive trigger.

Negative factors – ICRA may downgrade the ratings in case of a sustained decline in YIL's revenue and profitability, or any further elongation in the working capital cycle. Additionally, any large debt-funded capex adversely impacting the debt coverage metrics and liquidity position could also exert downward pressure on the ratings. A specific credit metric for downgrade would be a DSCR of less than 2 times on a sustained basis.

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 Yasho Industries Limited. Refer to **Annexure III** for the list of entities considered for consolidation

About the company

Yasho Industries, incorporated in 1985, is into the manufacturing of specialty and fine chemicals. The company operates in two categories – consumer chemicals and industrial chemicals. The products manufactured by the company are being used by industries such as rubber & latex, lubricants, food & flavours, perfumery and other specialty applications. Of the company's four manufacturing facilities, three are in Gujarat Industrial Development Corporation (GIDC) at Vapi, Gujarat, and one is at Pakhajan in Vagra, Gujarat. The company also has subsidiaries in the Netherlands and the US. The company derives 60-65% of its total revenue from exports, with the US and Europe being the major markets.

Key financial indicators (audited)

YIL (consolidated)	FY2025	FY2026
Operating income	675.4	830.0
PAT	6.1	25.3
OPBDIT/OI	17.2%	17.2%
PAT/OI	0.9%	3.0%
Total outside liabilities/Tangible net worth (times)	1.6	1.6
Total debt/OPBDIT (times)	5.0	3.9
Interest coverage (times)	2.0	2.6

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

Current (FY2027)					Chronology of rating history for the past 3 years					
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long - term	218.25	Jul 09, 2026	[ICRA]A- (Stable)	-	-	-	-	-	-
Fund based/Non-fund based – Working capital facilities	Long - term/ Short - term	225.00	Jul 09, 2026	[ICRA]A- (Stable)/[ICRA]A2+	-	-	-	-	-	-
Unallocated limits	Long - term	56.75	Jul 09, 2026	[ICRA]A- (Stable)	-	-	-	-	-	-

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

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

Sr. No.	Activity Name	FSR
1	**Credit Ratings for Capital Protection Oriented Schemes (by Mutal 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 Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Term loan	Simple
Long term/Short term - Fund based/Non-fund based – Working capital facilities	Simple
Long term – Unallocated limits	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	**Long term – Fund based – Term loan**	Feb 2023	NA	Apr 2032	218.25	[ICRA]A- (Stable)
NA	**Long term/Short term - Fund based/Non fund based – Working capital facilities**	NA	NA	NA	225.00	[ICRA]A- (Stable)/[ICRA]A2+
NA	**Long term – Unallocated limits**	NA	NA	NA	56.75	[ICRA]A- (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Company name	YIL ownership	Consolidation approach
Yasho Industries Europe B.V.	100.00%	Full consolidation
Yasho Inc	100.00%	Full consolidation

Source: Company Data

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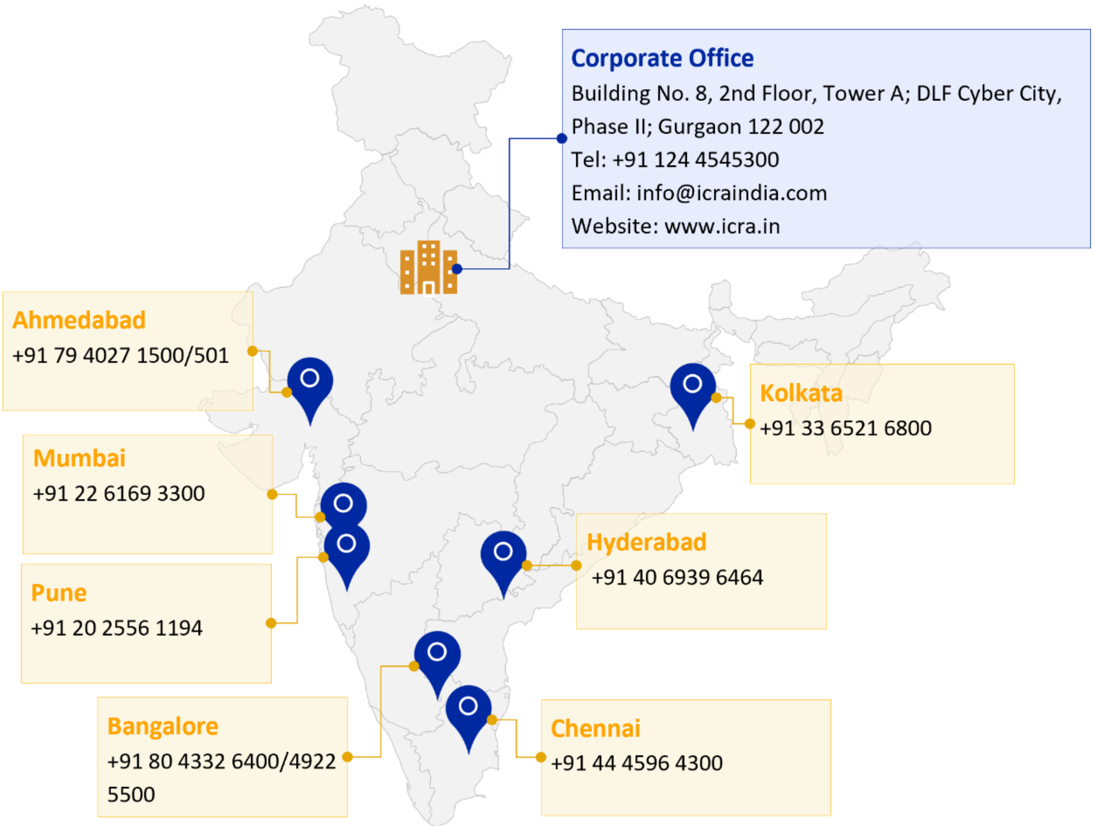

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