Jocil Limited

June 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	22.00	CARE BBB+; Stable	Downgraded from CARE A-; Stable
Short-term bank facilities	28.00	CARE A2	Downgraded from CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Jocil Limited (Jocil) considers underperformance in terms of operating and net profits reported in FY25 (Abridged; FY refers to April 01 to March 31) against projected profits for FY25. Further, Jocil's profitability margins declined over previous fiscal led by increased competition, which exerted pressure on selling prices of fatty acids and overall profitability.

Ratings continue to derive comfort from established track record of the company in toiletry products industry, association with reputed clients backed by regular orders from institutional buyers despite concentrated, healthy capital structure and strong debt coverage indicators, comfortable operating cycle, diversified revenue streams, benefit derived from captive power plant, experienced & resourceful promoter group, and adequate liquidity position.

However, rating strengths are partially offset by limited ability to entirely pass through raw material prices and increased overhead costs to its customers resulting in moderation in profitability, limited bargaining power with its customers, raw material price volatility, exposure to government regulations, and fragmented industry with intense competition. The company's ability to bag high volume orders, while maintaining profitability and maintaining comfortable leverage levels with low reliance on working capital limits would be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in revenue with improvement in operating margin to over 3%.

Negative factors

- Increasing reliance on debt levels leading to deteriorating in overall gearing above 0.20x.
- Deterioration in credit profile of The Andhra Sugars Limited (Parent).

Analytical approach: Standalone financials of Jocil has been considered for analysis, while factoring linkages with its parent company; The Andhra Sugars Limited (TASL) and support on need basis.

Outlook: Stable.
The 'Stable' outlook on ratings of Jocil reflects CARE Ratings Limited's (CareEdge Ratings') expectation improve its operational and financial performance and support from parent company TASL on need basis.

Detailed description of key rating drivers:

Key strengths

Experienced promoter group with established track record

Jocil has over four decades of experience in manufacturing stearic acid flakes, fatty acids, toilet soap, soap noodles and refined glycerine. The company belongs to a strong promoter group. Jocil is a subsidiary of The Andhra Sugars Limited (TASL; holding 55.02% stake), with established business operations based in South India. J. Murali Mohan, Managing Director, has over four decades of experience in the industry and other directors of the company are also experienced and well-qualified. Jocil's day-to-day operations are supported by an experienced and professional team down the line.

Reputed customer base despite being concentrated

Jocil's customers include reputed client base with its sales being to major players in India such as Hindustan Unilever Limited (HUL), Reckitt Benckiser Group (RB), ITC Limited, and MRF Limited, among others. The company established long-standing relationship with these customers resulting in repetitive orders year-on-year. However, Jocil faces customer concentration risk with ~50% of revenue derived from one customer. Risk is partially mitigated through repetitive orders from customers.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Healthy capital structure and strong coverage indicators
The company's capital structure remains healthy with nil debt as on March 31, 2025. Overall gearing ratio stands nil. The company's net worth is strong at ₹206.08 crore as on March 31, 2025. The company reliance on working capital limits has been low. The company's other debt coverage indicators, interest coverage ratio and total debt to gross cash accruals (TD/GCA) remained healthy at 24.75x (PY: 16.05x) and 0.00x (PY: 0.78x) due to low reliance on debt. Jocil has already expanded its existing capacity by 18,000 MTs with demand expected from FMCG in the coming years and capex cost funded through internal accruals. The management has articulated that the parent company will provide support to Jocil in case of short term exigencies.

Comfortable operating cycle
The company usually makes payments within 10-15 days for its suppliers and extend a credit period of 30-45 days for its customers. The company's operating cycle has improved and stood comfortable at 48 days as on March 31, 2025, against 59 days as on March 31, 2024, considering comfortable collection period at 24 days (PYE: 33 days). Inventory days continue to remain at similar level which is 47 days (PYE: 44 days).

Key weaknesses

Lower than envisaged profitability for FY25
In FY25, the company's total operating income stood at ₹870.09 crore which is higher by ~15% compared to previous year. However, there has been a considerable underperformance in terms of profitability. In FY25, Jocil reported an operating profit of ₹5.75 crore against a projected profit of ₹10.70 crore. Jocil expected to receive arrears pertaining to electricity charges from Transmission Corporation of Andhra Pradesh (APTRNASCO) to an extent of ₹7.50 crore, which is delayed, as APTRANSCO had contested the order in favour of Jocil. This had resulted in deviation in profitability.

Profit margins have been on a declining trend in the last four years ended FY24 and further declined in FY25 with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 0.66% and profit after taxation (PAT) margin of 0.12%. The company is not able to entirely pass on the increase in input costs with intense competition in the industry and increase in fixed overhead expenses resulted in decline in operating margin. In line with the same, net profit margin also remained subdued at 0.12% in FY25 (FY24: 0.23%).

Susceptible to raw material price volatility in non-edible oils and its derivatives impacting profitability
Major raw material required for manufacturing of soap noodles includes non-edible oils including palm oil, rice bran oil, shea olein and derivatives – fatty acids such as palm fatty acid distillate (PFAD), rice bran fatty acid, and lauric acid among others, which contribute ~80-83% of total total operating income (TOI). These products are derivates of crude vegetable oils and are volatile. Adverse changes in these prices may impact profitability.

Exposure to government regulations
In India, refineries with huge capacities have been setup for processing crude vegetable oils such as palm oil mainly imported from Malaysia and Indonesia. By-products generated from these refineries such as, RBD palm stearin (RBDPS) and PFAD are the company's raw materials. As a result, the company indirectly depends on imports of crude vegetable oils. Malaysian and Indonesian governments impose export duty varying periodically on crude oil to encourage value addition within their country prior to exports. Fluctuation in crude oil (fossil) prices also have impact on edible and no-edible oils due to their usage in production of biofuels. Adverse changes might impact the company's profitability in the already competitive industry.

Liquidity: Adequate.
Jocil's liquidity is adequate marked by cash accruals of ₹6.07 in FY25, with no term debt obligation. Free cash and bank balances as of March 31, 2025, remained at ₹25.32 crore. The company has fund based working capital limit of ₹22 crore as on May 31, 2025, and average of utilisation of fund based working capital for 12-months ended April 2025 stands at ~8%. The company has sufficient cushion to meet incremental working capital requirement. There are no debt raising plans in the near term.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental: Jocil is complying with The Hazardous Wastes (management, Handling and Transboundary Movement) Rules, 2008 and maintaining certain parameters such as water and wastage disposal and air emissions per pollution control board (PCB) regulations.

Social: The company is extending financial assistance to educational Institutions/Trusts for promotion of education irrespective of religion, and caste among others. The company's management maintains good relations with the employees. There have been no labour problems since the company's inception in 1980.

Governance: The company is committed to maintain standards of Corporate Governance prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations). The company has always adopted high standards of governance. Its business processes are crafted to enhancing the company's value can create for stakeholders including shareholders, employees, customers, suppliers, lenders, government and other parties having association with the company.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Personal products	Personal care

Jocil was incorporated in February 1978 as Andhra Pradesh Oil and Chemicals Limited which, in 1992, was renamed as Jocil Limited. Jocil is primarily engaged in manufacturing fatty acids, stearic acid, refined glycerin, soap noodles, toilet soap and its by-products and industrial oxygen at its manufacturing facility in Dokiparru village, Guntur, Andhra Pradesh. The company also has a 6 MW biomass cogeneration captive power plant at the same premises. Jocil has four Wind Energy Generators (WEG) in Tamil Nadu, the power generated is sold to Tamil Nadu Generation & Distribution Corporation Limited (TANGEDCO). Jocil Limited is listed on National Stock Exchange (NSE), India.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	753.73	870.09
PBILDT	5.31	5.75
PAT	1.73	1.02
Overall gearing (times)	0.03	0.00
Interest coverage (times)	16.05	24.75

A: Audited Ab: Abridged; Note: these are latest available financial results

About the Parent company – TASL:
TASL is a diversified company, with presence in sugar and allied activities, chemicals, including chlor alkali and its derivatives, other organic and inorganic chemicals and wind power. It was promoted by Late Dr. Mullapudi Harischandra Prasad and Late P. S. R. V. K. Ranga Rao. TASL commenced its operations as a sugar manufacturer in 1947 and gradually diversified into other businesses.

TASL - Consolidated:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	1931.51	2065.16
PBILDT	150.58	151.36
PAT	76.00	26.57
Overall gearing (times)	0.02	0.00
Interest coverage (times)	103.15	74.86

A: Audited Ab: Abridged; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	22.00	CARE BBB+; Stable
Non-fund-based - ST-BG/LC		-	-	-	28.00	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	22.00	CARE BBB+; Stable	-	1)CARE A-; Stable (09-Oct-24)	1)CARE A-; Stable (14-Aug-23)	1)CARE A-; Stable (18-Aug-22)
2	Non-fund-based - ST-BG/LC	ST	28.00	CARE A2	-	1)CARE A2+ (09-Oct-24)	1)CARE A2+ (14-Aug-23)	1)CARE A2+ (18-Aug-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge RatingsCareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: +91 80- 46625555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Y Tejeshwar Reddy Associate Director **CARE Ratings Limited** Phone: +91-40-40102030 E-mail: Tejeshwar.Reddy@careedge.in Ramadevi Kamireddi Lead Analyst **CARE Ratings Limited** E-mail: Ramadevi.K@careedge.in

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