Abhay V. Udeshi – Chairman, Jayant Agro-Organics



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A pioneer in caster oil-based chemicals and pharmaceutical-grade products, Jayant Agro-Organics accounts for some 35 to 40 percent of the global castor oil market. Chairman Abhay V. Udeshi explains the audit process the company maintains to meet the standards of local and international regulatory bodies and Jayant's sustainability efforts, including the creation of the Sustainable Castor Association that now comprises 31 global members. He also outlines some of the trade barriers the company encounters in Europe, its largest market, and China, with its higher trade tariffs designed to protect local industry.

Can you start by introducing Jayant Agro-Organics and its operations?

Jayant Agro-Organics operates as a publicly traded company on the Bombay and National Stock Exchanges. We were the first in India to process seeds into oil, beginning in 1952. Presently, our company comprises four major operating entities within the group. Our primary focus lies in the production of castor oil-based chemicals and pharmaceutical-grade products, utilizing castor seeds. Additionally, we operate a joint venture company with a French enterprise, Arkema, concentrating on castor oil derivatives and gas-fired water molecules used in agriculture. In a joint venture with a Japanese company, we are also involved in producing castor oil-based polyols, essential in the European furniture industry. We have backward integrated our operations to develop hybrid seeds,

selling to farmers, and repurchasing the commercial yield. Lastly, through collaborations with Japanese companies, we have ventured into marketing castor oil-based molecules globally, utilized extensively in pharmaceuticals and various industries. Castor oil, known for its laxative properties, has multiple applications in pharmaceuticals and serves as a carrier for active ingredients in medications. Our focus includes developing specialized grades of castor oil for specific applications, meeting stringent quality criteria.

How competitive is the castor oil chemical industry, and what sets your company apart in terms of differentiation and supply chain in the global market?

The global market for castor oil is competitive, and there are always substitutes available. Castor oil is incredibly versatile and plays a crucial role in various industries. For instance, it is not only significant in pharmaceuticals but also in the packaging industry, particularly for products that require careful handling to prevent contamination. In pharmaceuticals, it is essential for various medical devices like artificial kidneys and is highly specialized, requiring lengthy approval processes due to its impact on health and life. Castor oil has diverse applications, from being an emollient for softening skin to therapeutic uses for ailments and even cosmetic applications, such as promoting eyelash growth. Our company’s distinction lies in producing specialized grades of castor oil tailored for specific uses in diverse industries beyond pharmaceuticals.

How do quality control and global standards influence the castor oil industry, particularly concerning regulatory bodies like the FDA and global market expectations?

Castor oil production, especially in the pharmaceutical industry, is highly regulated to meet the stringent standards set by various regulatory bodies like the FDA in the United States and similar organizations in Europe. Each country has its own specific requirements, and compliance with these standards is critical. Our production process involves maintaining precise conditions during cold pressing to ensure the highest quality, especially for pharmaceutical-grade castor oil. To meet these standards, we undergo audits by prominent pharmaceutical companies, and our operations must align with rigorous testing and approval processes from both local and international regulatory bodies. Furthermore, our customers and distributors also conduct their audits to ensure the same high standards throughout the supply chain. These strict quality controls and certifications are pivotal in ensuring the reliability and safety of the castor oil produced.

How crucial is pricing in this industry, given the competition and availability of substitutes?

Pricing is a crucial factor in the pharmaceutical industry. It is important to maintain a balance between competitiveness and maintaining quality. As a producer, we aim to sustain long-term relationships with our customers by offering our oil at a competitive yet acceptable price. However, in the market, there is always the possibility of substitutes being available. Nevertheless, castor oil has an advantage as it is a renewable, biodegradable, and sustainable product. Being environmentally friendly and sustainable adds to the unique value proposition of castor oil.

What about sustainability and the efforts in research, development, and production to meet the global demand and industry expectations?

Sustainability is an essential focus for our company. For over ten years, we have collaborated with industry leaders, like BASF and Arkema, to establish and implement sustainability standards. We initiated the Sustainable Castor Association to promote sustainable practices within the castor oil supply chain. This association now comprises over 31 global members. Our dedication to sustainability includes the creation of a sustainable farming code called SUCCESS Farming, which stands for Sustainability, U, Castor, Caring Environmental, and Social Standards. This code ensures that our operations comply with global sustainability goals and United Nations objectives. With a commitment to sustainability, we are continuously enhancing our practices to meet the increasing demand across various industries, including pharmaceuticals, cosmetics, plastics, aviation, electronics, and more. Castor oil’s versatility enables its usage in a wide array of applications, reflecting its importance across multiple industries globally.

Could you share some insights into your company’s international presence, specifically in terms of export markets and the challenges faced in various countries due to differing regulatory norms?

We are proud to say that India contributes nearly 90 percent of the global production of castor oil, and we export our product to almost every corner of the world. In fact, our company accounts for about 35 to 40 percent of the global market. The main applications for castor oil tend to be in developed regions, particularly Europe, which stands out as the largest user, followed by China,

which has seen remarkable growth in its usage of a significant molecule derived from castor oil.

The intricacies of trade become apparent when we consider China’s relationship with India in terms of import tariffs. China levies lower tariffs on raw material imports, but when it comes to the export of products, they apply substantially higher tariffs to shield their local industry. Moreover, trade barriers, both tariff and non-tariff, pose challenges. In Europe, for instance, the Reach regulations for chemicals mandate registration with the government, creating additional hurdles for exporters. This is one among many non-tariff barriers, with additional measures like the proposed carbon tax set to come into effect in Europe from January 1, 2036.

These regulations and tariffs significantly impact the castor oil market globally, adding complexity to international trade dynamics.

Why do you think other countries have not tapped into castor oil production, considering its industrial potential?

The primary reason is the nature of castor oil itself. Castor oil, derived from castor beans, serves more industrial purposes than it does in food consumption. It is not a competing product in the food industry, specifically due to its inedibility. It is primarily an industrial product, focusing on applications in various industries, particularly in pharmaceuticals.

India, over the past decade, has seen significant growth in castor bean cultivation. However, this agricultural sector is incredibly volatile. Prices can fluctuate dramatically, dropping to as low as USD 2,000 and surging to around USD 2,800-USD 3,000. The agricultural market is prone to rapid shifts based on crop yield, and India has experienced its share of challenges and advancements in castor bean production.

There is a stark difference between India and other countries in terms of agricultural practices. India has become a significant player in castor oil production since the 1980s, surpassing Brazil, the previous leader in this sector. This is largely due to the intricacies of mechanization, the cultivation of labour, and the expertise of Indian farmers who are highly adaptive and efficient, despite having smaller land holdings compared to larger farm plots seen in countries like Brazil. This contributes to India’s unique position and the challenges it has successfully overcome in the castor oil industry.

India has been projected as a global growth engine. What are your thoughts on the country's future trajectory and your company's role in this growth?

India's role in the global market is becoming increasingly influential, and this is evident in recent diplomatic events such as the G20. India is poised to be a significant driver of global growth in the coming years. We anticipate our group's growth to range between 6 to 7 percent. Across various sectors, we are seeing developments that could pivot our current focus on exporting our products to also serving the domestic market. India's government initiatives have attracted numerous industries to the country, establishing manufacturing bases and importing goods, which will significantly boost domestic consumption. This momentum is paving the way for India to be a robust manufacturing hub, not just for chemicals and pharmaceuticals but also in other industries like automotive, technology, and aviation. The future looks promising for India, and there are discussions around India potentially emerging as a leading manufacturing hub for various products, and we see these as positive and transformative prospects for our country's growth in the near future.

To conclude our discussion, where do you expect Jayant to be in the next few years?

Our company is a key player in the global market, contributing significantly to castor oil production. We export our products across multiple continents, yet the largest consumer of castor oil remains Europe, followed by the US, Japan, and China. Despite the challenges, we are consistently working to expand our market reach and explore new applications.

Jayant is indeed on a growth trajectory. We have an emphasis on research and development to continually innovate. We are dedicated to developing new products, enhancing processes, and exploring new applications. Our primary focus remains on market growth. Expanding into new applications and developing more efficient processes to meet industry demands. Our commitment lies in revolutionizing the castor industry.

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