



**Press Release**  
**RATHI DYE CHEM PRIVATE LIMITED**  
**July 28, 2025**  
**Rating Reaffirmed & Partly Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.25	ACUITE BBB-   Reaffirmed & Withdrawn	-
Bank Loan Ratings	11.75	ACUITE BBB-   Stable   Reaffirmed   Negative to Stable	-
Bank Loan Ratings	0.25	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	12.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.25	-	-

**Rating Rationale**

Acuité has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and its short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs.12.00 Cr. bank facilities of Rath Dye Chem Private Limited (RDCPL). The outlook has been revised to ‘**Stable**’ from ‘**Negative**’

Acuité has further reaffirmed & withdrawn its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs.0.25 Cr. bank facility. The withdrawal is on account of request received from client and basis the reduction in the sanctioned limit as per the latest sanction letter. The withdrawal is in accordance with Acuité's policy on withdrawal of rating as applicable to the respective facility / instrument.

**Rationale for the rating**

The rating reaffirmation and revision of outlook from Negative to Stable reflects RDCPL’s stable operating performance in FY2025 (Prov.) as compared to previous fiscal year. It also reflects adequate liquidity position of the company along with moderate financial risk profile. The rating also considers extensive experience the company’s promoters in the dye chem industry. However, the rating remains constrained on account of working capital intensive nature of operations with elongation in GCA days in FY2025(Prov.)

Going ahead, any further moderation in the operating revenue and or elongation in working capital cycle leading to strain on the overall financial risk profile and liquidity position will remain a key monitorable.

**About the Company**

Established in 1978 by Mr. Harinarayan Rath and is well supported by the second generation, Mr. Sunil Harinarayan Rath, who is the current Director of the company, Rath Dye Chem Private Limited (RDCPL) is a Pune based entity engaged in the manufacturing of dispersing dyes and solvent dyes. Disperse Dyes have their application in Textiles, Clothes (Terricot, Terriwool) and solvent dyes in Plastics, Glass coating, Ink production industries, Granite, Decorative things used in saree, etc.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone view of the business and financial risk profile of RDCPL to arrive at the

rating.

## Key Rating Drivers

## Strengths

### Established track record of operations supported by experienced management and diversified customer profile

RDCPL was established in 1978 and is engaged in the manufacturing of dispersed dyes and solvent dyes. The company has an established track record of over four decades in the industry. The company is managed by Mr. Harinarayan Rathi, who has been involved with the company since inception and possesses over four decades of experience in the said industry. Mr. Harinarayan Rathi is well supported by the second generation, Mr. Sunil Harinarayan Rathi, who is the current Managing Director of the company and possesses over two decades of experience in the said industry. The top management is ably supported by a well-qualified and experienced team of the second line of management. The company also caters to different industries such as textile, clothes, plastic, ink industry, and others. Thus, ensuring diversification in revenue profile.

Acuité believes that the company will continue to benefit from its experienced management, which will help to create long-standing relations with customers and suppliers.

### Moderate Financial Risk Profile

RDCPL's financial risk profile is moderate marked by moderate net worth, debt protection metrics and low gearing. The net worth stood at Rs. 66.89 Cr. as on March 31, 2025 (Prov.), against Rs.65.08 Cr. as on March 31, 2024. The net worth has improved on account of accretion of profits into reserves. The gearing stood below unity at 0.45 times as on March 31, 2025 (Prov.), against 0.36 times as on March 31, 2024. The TOL/TNW has moderately increased to 0.65 times as on March 31, 2025 (Prov.), against 0.52 times as on March 31, 2024. Interest Coverage Ratio stood moderate at 3.72 times in FY2025 (Prov.) against 3.84 times in FY2024. DSCR stood at 1.96 times in FY2025 (Prov.) against 2.18 times in FY2024. The Debt/EBITDA ratio stood at 2.86 times in FY2025 (Prov.) against 2.19 times in FY2024.

Going forward, ability of RDCPL to maintain its moderate financial risk profile will remain a key monitorable.

## Weaknesses

### Intensive working capital management

RDCPL's working capital operations are intensive in nature, marked by elongated GCA days of 197 in FY2025 (Prov.) against 153 days in FY2024, driven by debtor and inventory days of 123 and 76, respectively. The company generally gives a credit period of 90 days to its customers. The creditors days stood at 53 days in FY2025 (Prov.) against 19 days in FY2024. The average bank limit utilization for fund based limits stood at ~6.00% and for non-fund based it stood at ~80% for the past 12 months ended March 2025.

Going ahead, the working capital operations of the company is expected to remain at the similar levels over the medium term.

### Stagnant Revenue and Profitability

RDCPL's revenue stood stagnant in FY2025 (Prov.) to Rs.75.53 Cr. against Rs.76.96 Cr. in FY2024. The stagnant topline is primarily due to subdued demand both in domestic and international market within the Dye Chem industry. The operating profit margin also stood stagnant at 13.56% in FY2025 (Prov.) against 13.67% in FY2024. The PAT margin declined to 2.44% in FY2025 (Prov.) from 2.91% in FY2024. The decline in the PAT margin is primarily driven by elevated depreciation and relatively higher interest costs vis-à-vis the previous year.

Going ahead, any further deterioration in the operating performance will remain a key monitorable.

### Profitability susceptible to volatility in raw material prices

The profitability in the Chemical Industry is highly susceptible to volatility in raw material prices. RDCPL operates in highly fragmented chemical industry with the presence of a large number of players in the organized as well as unorganized sector. This limits the bargaining power of RDCPL with customers and ultimately affect the margin.

## Rating Sensitivities

- Further deterioration in the operating performance leading to moderation in the financial risk profile.
- Elongation in the working capital operations impacting the liquidity position.

## Liquidity Position

### Adequate

RDCPL has an adequate liquidity position marked by sufficient net cash accruals of Rs.6.82 Cr. in FY2025 (Prov.) against repayment obligation of Rs.2.07 Cr. during the same period. RDCPL's reliance on fund-based working capital limits stood low at ~6.00% for the last 12 months ended March 25. The current ratio stood moderate at

1.36 times as on March 31, 2025 (Prov.). The company maintained unencumbered cash and bank balance of Rs. 0.14 Cr. as on March 31, 2025 (Prov.).

Going ahead, the company is expected to generate sufficient cash accruals against its repayment obligations over the medium-term.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	75.53	76.96
PAT	Rs. Cr.	1.85	2.24
PAT Margin	(%)	2.44	2.91
Total Debt/Tangible Net Worth	Times	0.45	0.36
PBDIT/Interest	Times	3.72	3.84

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Apr 2024	Bank Guarantee/Letter of Guarantee	Short Term	0.25	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB-   Negative (Reaffirmed)
	Secured Overdraft	Long Term	6.00	ACUITE BBB-   Negative (Reaffirmed)
01 Feb 2023	Bank Guarantee/Letter of Guarantee	Short Term	0.25	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	6.00	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Maharashtra	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE A3   Reaffirmed
Bank of Maharashtra	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.75	Simple	ACUITE BBB-   Stable   Reaffirmed   Negative to Stable
Bank of Maharashtra	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE BBB-   Reaffirmed & Withdrawn
HSBC	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB-   Stable   Reaffirmed   Negative to Stable

## Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Sanidhya Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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