

Press Release
SPECTRA CHEMICALS
September 02, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.30	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	8.70	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	11.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BB**’ (read as **ACUITE double B**) and its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.11.00 Cr. bank facilities of Spectra Chemicals (SC). The outlook is ‘**Stable**’.

Rationale for Rating Reaffirmation

The rating has migrated from issuer non cooperative status and reaffirmation considers the entity’s moderate financial risk profile along with efficient working capital operations. Further, the rating also takes into account the extensive experience of the proprietor, Mr. Mrugesh Gandhi, who has over four decades of experience in the chemical trading business. However, rating remains constrained with modest scale of operations, though marginal y-o-y improvement registered in FY25. Also, the inherent capital withdrawal risk associated with proprietorship structure resulting in a low network is a key rating constraint.

About the Company

Spectra Chemicals (SC), founded in 1978 by Mr. Mrugesh Gandhi, is a Mumbai-based chemical trading firm. The firm is mainly engaged in importing (majorly from Middle East) and trading of sulphur and phosphoric acid serving industries such as agrochemicals, edible oil, fertilizers, food & beverages, and sugar.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone view of the business and financial risk profile of SC to arrive at the rating.

Key Rating Drivers

Strengths

Experienced promoters and working capital efficient operations

The proprietor i.e Mr. Mrugesh Gandhi has an experience of over more than four decades in the chemicals trading business and is supported by his son Mr. Sanket Gandhi. The proprietor's extensive industry experience and understanding of the industry/market dynamics and business along with established relationships with a diversified customer base acts as an offset of demand risk. Further, being a trading nature of operations the working capital operations are efficient with debtor days in the range of 15-30 days and low inventory periods.

SCs financial risk profile is moderate marked by low gearing and healthy debt protection metrics. The gearing stood below unity at 0.50 times as on March 31, 2025 (Prov.), (0.46 times as on March 31, 2024). Further, the TOL/TNW also stood healthy at 0.72 times as on March 31, 2025 (Prov.) (0.58 times as on March 31, 2024).

Weaknesses

Modest scale of operations

SC's business risk profile is constrained by its modest scale of operations. The revenue stood at Rs.29.71 Cr. in FY2025 (Prov.) against Rs. 22.36 Cr. in FY2024 and Rs.50.90 Cr. in FY2023. In FY2024, an oversupply in the market exerted downward pressure on prices, resulting in a decline in revenue. However, in FY2025, as supply levels began to stabilize, price realizations improved, contributing to a recovery in profitability. This is also reflected in the EBITDA margin, which rose to 4.23% in FY2025 (Prov.) against 1.35% in FY2024 and 3.31% in FY2023.

Acuité believes sustenance of the profitability margins while improving the scale of operations will remain a key rating monitorable.

Low networth & capital withdrawal risk

The firm is exposed to the risk associated with the proprietorship nature of the entity, including the risk of capital withdrawal as witnessed by the reduced net worth to Rs. 2.95 Cr. as on March 31, 2025 (Prov.), against Rs.3.16 Cr. as on March 31, 2024. Therefore, such withdrawals affect the financial flexibility of the entity.

Rating Sensitivities

- Significant improvement in scale of operations, while maintaining its profitability margins.
- Deterioration in the working capital cycle leading to stress on the debt protection metrics or the liquidity position of the entity.
- Significant capital withdrawal impacting network
- Regulatory challenges faced in the domestic market and from the importing countries.

Liquidity Position

Adequate

SC has an adequate liquidity position marked by sufficient net cash accruals of Rs.1.32 Cr. in FY2025 (Prov.) against its minimal repayment obligation of Rs.0.04 Cr. during the same period. SCs reliance on working capital limits stood low at ~37.68% for the past 06 months ended June 2025. The current ratio stood healthy at 2.38 times as on March 31, 2025 (Prov.). The company maintained unencumbered cash and bank balance of Rs. 0.05 Cr. as on March 31, 2025 (Prov.). Going ahead, the company is expected to generate sufficient cash accruals against its minimal 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.	29.71	22.36
PAT	Rs. Cr.	1.32	0.33
PAT Margin	(%)	4.45	1.47
Total Debt/Tangible Net Worth	Times	0.50	0.46
PBDIT/Interest	Times	23.28	2.67

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>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jun 2024	Letter of Credit	Short Term	8.70	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	1.80	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB (Reaffirmed & Issuer not co-operating*)
08 Mar 2023	Letter of Credit	Short Term	8.70	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	1.80	ACUITE BB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB Stable (Reaffirmed)
07 Jan 2022	Letter of Credit	Short Term	8.70	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Cash Credit	Long Term	1.80	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)

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 Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.80	Simple	ACUITE BB Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.70	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB Stable Reaffirmed

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Sanidhya Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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