



**Press Release**  
**Prasol Chemicals Limited (erstwhile Prasol Chemicals Private Limited)**  
**November 08, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	359.29	ACUITE A+   Stable   Reaffirmed	-
Bank Loan Ratings	70.00	-	ACUITE A1+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	429.29	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE A+**' (**read as ACUITE A plus**) on Rs.359.29 crore bank facilities and short term rating of '**ACUITE A1+**' (**read as ACUITE A one plus**) on Rs.70.00 crore bank facilities of Prasol Chemicals Limited (erstwhile Prasol Chemicals Private Limited) (PCL). The outlook is '**Stable**' .

**Rationale for rating reaffirmation**

The rating reaffirmation considers PCL's long track record of operations in the chemical industry, experienced management and established relationship with reputed clientele across various industries like automotive, lubricants, inks, pigments, cosmetics, agro chemical, pharmaceuticals, flavor/fragrance, etc. The rating also continues to factor in the healthy financial risk profile of PCL. However, the moderation recorded in operating performance in FY2024 constrain the rating. The operating income of the company declined to Rs. 880.02 Cr. in FY2024 as against Rs. 931.40 Cr. in FY2023. The operating profit margin has declined to 7.99% in FY2024 as against 9.48% in FY2023. The decline is mainly due to lower price realizations and subdued demand attributable to global factors viz. china dumping, red sea issues, wars etc. Going ahead, the ability of the company to improve in scale of operations and profitability margins while maintaining efficient working capital cycle along with healthy financial risk profile will be key monitorable.

**About the Company**

Incorporated in 1992, Prasol Chemicals Limited (PCL) is a Navi Mumbai based company currently engaged in manufacturing of acetone and phosphorous based specialty chemicals .The company is managed by Mr. Nishith Shah and Mr. Gaurang Parikh, along with 6 other directors. . The company has done forward integration into these specialty chemicals for the products which are used in 30+ verticals including home and personal care, pharmaceuticals, agrochemicals, lubricants and coating amongst others. PCL as on date has 2 manufacturing facilities located at Khalapur and Mahad.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

## **Key Rating Drivers**

### **Strengths**

**Long track record of operations and experienced management**

Founded in 1992, PCL is a Navi Mumbai-based business that produces phosphorous and acetone-based chemicals for use in solvent-based paints, insecticides, and motor oils. Metallurgical engineers Mr. Nishith Shah and Mr. B. K. Gupta, who have over three decades of combined experience, including two decades in the organic chemicals sector, are promoters of PCL. The company has a research and development centre which helps undertake collaborative product development with the customers leading to customized products in line with customer expectations and consumer preferences, whilst simultaneously ensuring shorter lead-times. The company has a global distribution network spanning over 45 countries in Asia, North America, and the European Union, and it is certified as a Two Star Export House Company by the Government of India.

Acuité believes that PCL will continue to benefit from its established position in the market and experienced management.

### **Healthy Financial Risk Profile**

The financial risk profile of the company is marked by moderate net worth, debt-protection metrics and low gearing level. The tangible net worth of the company stood at Rs. 324.00 Cr. as on March 31, 2024 as against 307.08 Cr. as on March 31, 2023. The company follows conservative leverage policy as reflected in gearing level of 0.25 times as on March 31, 2024 as against 0.61 times as on March 31, 2023. The total debt of the company outstanding as on March 31, 2024 of Rs. 82.60 Cr. comprises of long term debt of Rs. 43.37 Cr. and working capital borrowings of Rs. 16.67 Cr. The total outside liability to total net worth (TOL/TNW) stood at 0.93 times as on March 31, 2024 as against 1.25 times as on March 31, 2023. The debt protection metrics of the company are moderate as debt service coverage ratio (DSCR) stood at 1.32 times in FY2024 as against 2.16 times in FY2023. The interest coverage ratio (ICR) stood at 6.04 times in FY2024 as against 7.44 times in FY2023.

Acuité believes that PCL's financial risk profile will remain healthy in medium term.

### **Low Customer Concentration Risk**

The company faces low customer concentration risk with the top 10 customers collectively accounting for approximately ~20% - 25% of the total revenue in FY2024. The company has a diversified customer base across 30+ verticals including home and personal care, pharmaceuticals, agrochemicals, lubricants and coating amongst others. Company has reputed clientele base like Coromandel International Limited, P.I. Industries Limited, Lubrizol India Private Limited and Bharat Petroleum Corporation Limited.

Acuité believes that the company's customer concentration risk will remain low in near term.

## **Weaknesses**

### **Working Capital Management**

The operations of the company are of working capital intensive nature marked by gross current asset (GCA) days of 114 days for FY2024 as against 131 days for FY2023. The inventory days stood at 45 days for FY2024 as against 57 days for FY2023. The debtor stood at 67 days for FY2023 against 66 days for FY2023. The creditor days stood at 95 days for FY2024 as against 90 days for FY2023. However, the average bank limit utilisation of fund based limits stood low at 28.33% and for non-fund based limits remained moderate at 51.74% percent in last six months ended September 2024.

Acuité believes that the ability of PCL's to improve and maintain an efficient working capital cycle over the medium term will remain a key rating sensitivity factor.

## **Rating Sensitivities**

- Elongation in the working capital cycle leading to stress on the liquidity position.
- Improvement in scale of operations and profitability levels while maintaining capital structure

## **Liquidity Position**

### **Adequate**

The liquidity position of the company is adequate marked by adequate net cash accrual as against the maturing debt obligation. The company generated adequate net cash accrual of Rs.39.50 Cr. against maturing debt obligation of Rs. 27.30 Cr in FY2024. The company is expected to generate net cash accruals in the range of Rs. 70.00 Cr - Rs. 80.00 Cr during the period FY 25 - FY26 against repayment obligations ranging between Rs. 14.00 Cr - Rs. 15.00

Cr for the same period. The average utilization of the fund based stood low at 28.33%, and non-fund based facilities of the company remained moderate at 51.74% percent in last six months ended September 2024. The cash and bank balance stood at Rs. 10.04 Cr. Further, the current ratio stood at 1.19 times as on March 31, 2024.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	880.02	931.40
PAT	Rs. Cr.	18.14	48.59
PAT Margin	(%)	2.06	5.22
Total Debt/Tangible Net Worth	Times	0.25	0.61
PBDIT/Interest	Times	6.04	7.44

### 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
11 Aug 2023	Cash Credit	Long Term	0.50	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	2.40	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	56.50	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	4.25	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	12.80	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	12.24	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	17.60	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	23.76	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	13.50	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	23.24	ACUITE A+   Stable (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	36.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	42.50	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	70.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	55.72	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	0.78	ACUITE A+   Positive (Assigned)
	Cash Credit	Long Term	0.30	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	0.01	ACUITE A+   Positive (Assigned)
	Cash Credit	Long Term	0.50	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE A+   Positive (Assigned)
	Term Loan	Long Term	6.18	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	0.65	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	8.50	ACUITE A+   Positive (Reaffirmed)

19 May 2022	Term Loan	Long Term	20.80	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	5.40	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	7.50	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	4.35	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A+   Positive (Assigned)
	Cash Credit	Long Term	20.00	ACUITE A+   Positive (Reaffirmed)
	Term Loan	Long Term	5.40	ACUITE A+   Positive (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A+   Positive (Assigned)
	Term Loan	Long Term	40.00	ACUITE A+   Positive (Assigned)
	Term Loan	Long Term	15.00	ACUITE A+   Positive (Assigned)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A1+ (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	0.70	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	17.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	13.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	7.50	ACUITE A1+ (Assigned)
	Cash Credit	Long Term	36.50	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	0.30	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.37	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	0.99	ACUITE A+   Stable (Assigned)
	Term Loan	Long Term	9.64	ACUITE A+   Stable (Reaffirmed)
		Long		

04 Mar 2021	Term Loan	Term	3.88	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	11.90	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	27.20	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	7.20	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A+   Stable (Assigned)
	Term Loan	Long Term	9.02	ACUITE A+   Stable (Reaffirmed)
	Term Loan	Long Term	1.08	ACUITE A+ (Reaffirmed & Withdrawn)
	Term Loan	Long Term	0.31	ACUITE A+ (Reaffirmed & Withdrawn)
	Term Loan	Long Term	7.80	ACUITE A+   Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	0.70	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	17.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A1+ (Reaffirmed)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A+   Stable   Reaffirmed
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.50	Simple	ACUITE A+   Stable   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A+   Stable   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1+   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A1+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.24	Simple	ACUITE A+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	08 Oct 2021	Not avl. / Not appl.	08 Oct 2027	8.16	Simple	ACUITE A+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	08 Oct 2021	Not avl. / Not appl.	09 Mar 2028	10.80	Simple	ACUITE A+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	08 Oct 2021	Not avl. / Not appl.	08 Oct 2027	15.84	Simple	ACUITE A+   Stable   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	07 Dec 2021	Not avl. / Not appl.	07 Dec 2027	9.75	Simple	ACUITE A+   Stable   Reaffirmed
CITI Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A+   Stable   Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	52.50	Simple	ACUITE A+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A+   Stable   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.00	Simple	ACUITE A+   Stable   Reaffirmed

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Anuja Bele Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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