



### Press Release

## GUJARAT POLYSOL CHEMICALS LIMITED (ERSTWHILE GUJARAT POLYSOL CHEMICALS PRIVATE LIMITED)

July 28, 2025

### Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.17	ACUITE A-   Stable   Assigned	-
Bank Loan Ratings	73.77	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	76.00	-	ACUITE A2+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	153.94	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuité has reaffirmed the long-term rating of 'ACUITE A-' (read as ACUITE A minus) and the short-term rating of 'ACUITE A2+' (read as ACUITE A two plus) on the Rs.149.77 Cr. bank facilities of Gujarat Polysol Chemicals Limited (GPCL). The outlook remains 'Stable'.

Acuité has assigned the long-term rating of 'ACUITE A-' (read as ACUITE A minus) on the Rs.4.17 Cr. bank facilities of Gujarat Polysol Chemicals Limited (GPCL). The outlook remains 'Stable'.

### Rationale for rating reaffirmation

The rating reaffirmation considers the stable business and the financial risk profile of the company. The revenues of the company have reflected a 4.80 percent growth from Rs. 505.00 Cr. in FY2024 to Rs. 529.25 Cr. in FY2025(Prov.) The rating further factors in the healthy financial risk profile characterised by healthy net worth, low gearing and comfortable debt protection metrics. The liquidity remains strong as reflected by healthy accruals against repayments, liquid investment and the absence of major debt funded capex. The rating takes note of the established market position of the company in the chemical industry with experienced promoters. However, the rating is constrained by the working capital-intensive nature of operations and susceptibility of operating performance to input price volatility and foreign fluctuation risk. Since, majority of the revenues are from the products for the infrastructure sector, the performance of the company will remain linked to the fortunes of the infrastructure industry. It is noted that the company has given advances to the group companies, any further investments to the group companies will be key monitorable going forward.

### About the Company

Gujarat Polysol Chemicals Limited (Erstwhile Gujarat Polysol Chemicals Private Limited) is a Vapi, Gujarat based company incorporated in 1989. It is engaged in manufacturing of chemicals where the end use is in various sectors like Infrastructure, textile, agriculture and leather. The company's finished products are the intermediates which are used as raw material for further admixture industries to make their final products. The company has three manufacturing facilities, two in Vapi (Gujarat) and one unit in Sarigam (Gujarat) with a total capacity of 1,83,600 Metric Tonnes Per Annum (MTPA). The promoters of the company are Mr. Shaileshkumar Balvantrai Desai, Mr. Umang Shaileshbhai Desai and Ms. Bhavisha Shaileshbhai Desai.

GPCL via its wholly owned subsidiary Polysol Specialty Chemicals Private Limited has set up a new manufacturing facility at Alwar Rajasthan with the manufacturing capacity of 34,000 Metric Tonne per annum (MTPA) . It is engaged into the manufacturing of Superplasticizers based on Polycarboxylate Ether (PCE), Aluminium Salt, Tetradeca – Octadecahydrate and concrete intermediate products which are mainly used in the infrastructure business. In FY2024, the company has booked pre-operative revenues of Rs 0.15 Cr. with the loss of Rs. 0.71 Cr. in the FY2024 and in FY2025 (Prov.) the revenues stood at Rs 1.40 Cr. and loss at Rs. 4.74 Cr.

GPCL acquired a sick unit namely Phthalo Colours and Chemicals (India) Limited. Currently it is fully owned subsidiary. It is engaged into the business of all kinds of pigments and related chemicals. The revenue of the

company stood at Rs. 103.58 Cr. and 100.96 Cr. in FY2024 and FY2025 (Prov) with a reported loss of Rs 50.37 Cr. in FY2024 Cr and Rs. 12.50 Cr. in FY2025 (Prov.). The management plans to sell off the said unit in the current fiscal.

### Unsupported Rating

Not applicable

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of GPCL while arriving at the rating.

### Key Rating Drivers

#### Strengths

##### **Experienced management with established track record of operations and diversified product portfolio**

GPCL is being promoted by Mr. Shailesh Desai and family members. The promoters have an experience of more than three decades in the chemical industry. The extensive experience of the promoters and established track record of operations has helped the company to maintain healthy relationship with its customers and suppliers. The chemicals manufactured by the company find it use in industries like Infrastructure, Agro/ Pesticide, Leather and Textile industries wherein the chemicals are used as an admixture to make the final product. The company generates majority of its revenues from Infratech chemicals followed by dyes-pigments & textile, agrochemicals and leather chemicals. Through continuous innovations and R & D the company keeps adding products to its portfolio which can be used in various industries. Acuité believes that the company will benefit from its experienced management, long track of operation and diversified product portfolio.

##### **Stable operating performance with healthy profitability levels**

GPCL has witnessed stable growth in an operating performance with a revenue's growth of 4.80 percent i.e. Rs.529.25 Cr. in FY2025(Prov.) as against Rs.505.00 Cr. in FY2024 mainly driven by an increase in the realisation vis-à-vis stable volumes. The operating margins of the company though corrected continued to stand healthy at 14.94 percent in FY2025(Prov.) vis-à-vis 18.38 percent in FY2024. The PAT margin continue to remain healthy at 11.22 percent in FY2025(Prov.) vis-à-vis 12.34 percent in FY2024. This was driven by an increase in other income which mainly include interest income and gain on sale of unquoted investments (equity shares) and mutual funds. Going forward, in the current fiscal, a stable growth is expected with an improvement in the operating margin by 100-150 bps mainly contributed by the product innovations as well benefit from the saving of the power cost as the solar plant is expected to be operational from August 2025. Acuite believes that the business risk profile of the company will continue to improve with the diversified product portfolio and healthy demand expected in the chemical industry.

##### **Healthy financial risk profile**

GPCL's financial risk profile continuous to remain healthy with a healthy net worth, low gearing and comfortable debt protection metrics. The tangible net worth of the company stood at Rs 356.31 Cr. as on March 31, 2025(Prov.) as against Rs.295.48 Cr. as on March 31, 2024. Increase in tangible net worth is on account of healthy accretion of profits to reserves. The gearing of the company remains comfortable at 0.26 times as on March 31, 2025(Prov.) as against 0.24 times as on March 31, 2024. Total debt of the company stood at Rs. 93.30 Cr. as on March 31, 2025(Prov.) which includes long term debt of Rs.35.96 Cr, short-term debt of Rs. 45.99 Cr. and current portion of long-term debt of Rs 11.35 Cr. TOL/TNW of the company stood at same level i.e. 0.57 times as on March 31, 2025(Prov.) as against 0.53 times as on March 31, 2024. Debt protection metrics of the company stood comfortable with DSCR at 4.05 times in FY2025(Prov.) as against 4.62 times in FY2024. Interest coverage ratio (ICR) dipped but stood comfortable at 12.46 times in FY2025(Prov.) as against 19.41 times in FY2024 on account of the dip in operating margin and increase in finance cost. Acuite believes that the financial risk profile of the company will continue to remain healthy on account of its healthy revenue growth, healthy cash accruals and no major debt funded capex in near to medium term.

#### Weaknesses

##### **Working capital operations remain moderately intensive; advances extended to the group companies**

Working capital operations of the GPCL are intensive reflected by moderately high gross current assets (GCA) days which stood at 183 days as on March 31,2025 (Prov.) as against 169 days as on March 31, 2024. Elongated GCA days are driven by high debtor collection period. However, the working capital cycle however stood at same level and remains moderate at 68 days in FY2025(Prov.) as against 69 days in FY2024. The working capital operations of the company are however in line with the industry average. The inventory holding period stood at 52 days as on March 31,2025(Prov.) as against 37 days as on March 31,2024. In FY2025, it is reflecting on higher side on account of delayed deliveries led by the slowdown in the infrastructure sector. Further significant loans and advances to related parties (Rs 90.60 Cr. as on March 31,2025(Prov.) as against Rs. 57.37 Cr. as on March 31,2024. Acuite expects the working capital management to remain intensive over the medium term on account of

higher debtor collection period offered to its customers for the payment realization and also further extent of exposure of funds to related parties would remain a key monitorable.

### **Susceptibility of operating performance to input price volatility and foreign fluctuation risk**

The raw materials are procured both from the domestic market as well as through the imports. Around 50 percent of the products are procured through imports from countries like South Korea, Spain Singapore and China etc. The prices of the raw material are highly volatile in nature and any adverse movement in the price of raw material may impact the profitability of the company. Due to significant exposure to imports, there is a foreign fluctuation risk associated to it. However, the company mitigates by building a price escalation clause in every contract wherein a specific timeline is mentioned for supplying the product and any fluctuation in the price of the raw material is carried forward on the customers. Engaging itself partially into forward contracts, placing back-to-back orders and procuring the raw material at bulk quantity helps the company to mitigate price volatility risk to a larger extent. Acuite believes that the operating margins of the company will continue to remain volatile and susceptible to raw material price changes and foreign exchange fluctuations over the medium term.

### **Rating Sensitivities**

- Improvement in the scale of operation while maintaining its profitability margin at the healthy level
- Elongation of working capital cycle
- Any major debt funded capex plan
- Further funding to the exposure in group entities

### **Liquidity Position**

#### **Strong**

Liquidity of GPCL is strong marked by sufficient net cash accruals as against its debt repayment obligation along with availability of liquid funds. Net cash accruals of the company stood healthy at Rs.65.98 Cr. in FY2025(Prov.) as against debt repayment obligation of Rs. 10.59 Cr. for the same period. Further, the company has minimal expected capex and further funding to expected in the wholly owned subsidiary companies. The fund based working capital limit utilisation remained low at ~28.29 percent and moderate utilisation of non-fund-based limit at 61.11 percent in last 10 months ended with May 2025. The current ratio of the company stood comfortable at 1.80 times as on March 31, 2025(Prov.). The liquidity is supported by the liquid investment of Rs 23.22 Cr. Acuite believes that the liquidity of GPCL will remain strong on the back of increasing accruals, absence of major debt funded capex plans,. Further, sale of the Phthalo Colours and Chemicals (India) Limited if materialised is further expected to boost the liquidity.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	529.25	505.00
PAT	Rs. Cr.	59.40	62.30
PAT Margin	(%)	11.22	12.34
Total Debt/Tangible Net Worth	Times	0.26	0.24
PBDIT/Interest	Times	12.46	19.41

### 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
08 Aug 2024	Cash Credit	Long Term	23.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.87	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	17.56	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	6.34	ACUITE A-   Stable (Reaffirmed)
	Bills Discounting	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Reaffirmed)
17 Nov 2023	Letter of Credit	Short Term	35.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	23.00	ACUITE A-   Stable (Reaffirmed)
	Bills Discounting	Long Term	1.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	13.45	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.76	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	35.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	1.88	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	0.47	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	10.04	ACUITE Not Applicable (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	0.40	ACUITE Not Applicable (Withdrawn)
24 Aug 2022	Cash Credit	Long Term	23.00	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	1.88	ACUITE A-   Positive (Reaffirmed)
	Bills Discounting	Long Term	1.00	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	0.47	ACUITE A-   Positive (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	23.49	ACUITE A-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.16	ACUITE A-   Positive (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	35.00	ACUITE A2+ (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A2+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	15 Sep 2023	Not avl. / Not appl.	Not avl. / Not appl.	23.00	Simple	ACUITE A-   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	31 Aug 2023	Not avl. / Not appl.	Not avl. / Not appl.	15.00	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 A2+   Reaffirmed
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A2+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	12 Feb 2024	Not avl. / Not appl.	07 Mar 2031	17.56	Simple	ACUITE A-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	12 Feb 2024	Not avl. / Not appl.	07 Mar 2031	3.52	Simple	ACUITE A-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	29 Jul 2024	Not avl. / Not appl.	07 Aug 2031	8.84	Simple	ACUITE A-   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Term Loan	05 Aug 2020	Not avl. / Not appl.	31 Jan 2027	5.85	Simple	ACUITE A-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	29 Jul 2024	Not avl. / Not appl.	07 Aug 2031	4.17	Simple	ACUITE A-   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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