



Press Release
EXPANDED POLYMER SYSTEMS PRIVATE LIMITED
January 22, 2026
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	52.59	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	59.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	15.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	122.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	248.59	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 181.00 crore bank facilities of Expanded Polymer Systems Private Limited (EPSPL). The outlook is '**Stable**'.

Further, Acuite has also assigned its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 67.59 crore bank facilities of Expanded Polymer Systems Private Limited (EPSPL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation reflects marginal improvement in revenues while operating performance moderated as evidenced by declining margins due to increased trading activity. The rating also factors in the company's established operational track record of over four decades and the management's extensive experience in the polyols industry. The rating also considers the company's moderate working capital operations and moderate financial risk profile, characterized by a moderate net worth and comfortable gearing. However, the rating is constrained due to susceptibility of profitability to volatility in raw material prices and exposure to competition from cheaper imports, which continues to pressure profitability.

About the Company

Established in 2007, Expanded Polymer Systems Private Limited (EPSPL) is a Mumbai based private limited company engaged in the business of manufacturing polyurethane chemicals and trading of chemicals. Company currently has two manufacturing facilities located each at Navi Mumbai, Maharashtra and Dahej, Gujarat with a combined installed capacity of 63,760 MTPA (increased from 53,460 MTPA in FY25). The current directors of the company are Mr. Mukesh Shantilal Bhuta, Mrs. Medha Mukesh Bhuta, Mr. Mikhail Mukesh Bhuta, Mr. Chandulal Kalidas Shah, Mr. Rajen Mahesh Mehta and Mr. Sandeep Sudhakar Deshpande.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of EPSPL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record along with experienced management

The company has a track record of over four decades in Polyurethanes industry with an installed capacity of 63,760 MTPA currently. It manufactures Polyols, which serve as essential feedstock for producing polymers such as polyester and polyether, along with blended polyols that cater to diverse industrial applications. The company is promoted by Mr. Mukesh Bhutta who has business experience of more than forty years of business experience and oversees the company's day-to-day operations. The company is ably supported by a strong and experienced line of mid-level managers.

Acuite believes the vast experience of the promoter has enabled the company to build strong relationship with customers as well as suppliers, resulting in continued order flow from customers.

Moderate financial risk profile

The net worth of the group improved and stood moderate at Rs.85.3 crore as on March 31, 2025, as against Rs. 80.79 crore as on March 31, 2024 owing to accretion of profits to reserves. However, the debt levels elevated by Rs.42.3 crore in FY25 owing to the higher utilization of short-term working capital limits, this led the gearing to elevate to 1.34 times as of March 31, 2025, compared to 0.90 times as on March 31, 2024. Further, the debt protection metrics remained moderate with debt service coverage ratio (DSCR) and interest coverage ratio (ICR) standing at 1.4 times (PY:1.76 times) and 2.1 times (PY:2.64 times) respectively as on March 31, 2025. Acuite expects the financial risk profile of the company to remain moderate backed by stable cash accruals and no significant debt funded capex planned.

Moderate working capital operations

The company maintains a moderate working capital cycle, as reflected in gross current asset (GCA) days of 111 days in FY25 compared to 102 days in FY24. This increase is primarily driven by longer debtor and inventory holding periods. Debtor days rose to 60 days in FY25 from 56 days in FY24, aligning with the average credit terms extended by the company. Inventory days also increased, standing at 43 days in FY25 versus 38 days in FY24. On the other hand, creditor days declined to 65 days in FY25 from 74 days in FY24, indicating a shorter payment cycle to suppliers.

Weaknesses

Moderation in operating performance

Although the company registered growth in operating income, reporting Rs.719.67 crore in FY25 compared to Rs.668.96 crore in FY24, supported by higher trading sales volumes, profitability came under pressure. EBITDA stood at Rs.26.69 crore in FY25 against Rs.29.98 crore in FY24, reflecting a decline in operating margins by 77 basis points to 3.71% from 4.48% in the previous year. The margin contraction was primarily driven by increased trading activity and rising raw material costs.

On the pricing front, the company continued to face challenges from the dumping of Chinese products in the domestic market, further impacting margins. PAT margins also weakened, dropping to 0.84% in FY25 from 1.59% in FY24. As of December 2025, the company has recorded sales of Rs.535 crore, underscoring sustained revenue momentum despite ongoing profitability pressures.

Acuite believes, the operating performance would improve steadily on back of recent capacity enhancement.

Susceptibility of profitability to volatility in raw material prices and dumping of cheaper imports

The company's operating margins are vulnerable to volatility in the input prices as well as realisation from finished goods. The prices and supply of the main raw materials such as Methylene diphenyl diisocyanate (MDI) directly impacts the realisations of finished goods.

The polyol industry in India is highly dominated by import from China and other various countries. The current installed capacity is also on lower side for the industry requirement as compared to demand which leads to higher imports for the industry. Timely support from the Government in the form of anti-dumping duty etc can help mitigate the risk to some extent for the company.

Rating Sensitivities

- Any further decline in the operating margins, leading to decline in net cash accruals.
- Higher than expected debt levels leading to deterioration in the financial risk profile
- Any stretch in working capital operations affecting the liquidity

Liquidity Position

Adequate

The liquidity position of the company is adequate as reflected by sufficient net cash accruals (NCA) of Rs.13.46 Cr. in FY25 as against the long-term debt repayment of Rs.5.6 Cr. during the same period. Further the company is expected to generate sufficient NCA in the range of Rs.15-18 crore as against repayment obligations of around Rs.8.48 crore over the next 2 years. The current ratio stood moderate at 1.07 times as on March 31, 2025. The company had a cash and cash equivalents of Rs.0.39 Cr. as on March 31, 2025. The average fund-based limit stood moderately utilized at ~67.09 per cent over last 12 months ended October 2025.

Acuite believes that going forward the company will maintain adequate liquidity position on account of steady accruals against debt repayment.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	719.68	668.96
PAT	Rs. Cr.	6.01	10.65
PAT Margin	(%)	0.84	1.59
Total Debt/Tangible Net Worth	Times	1.34	0.90
PBDIT/Interest	Times	2.10	2.64

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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
31 Oct 2024	Letter of Credit	Short Term	50.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	7.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	45.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	1.25	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	0.52	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	5.56	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	3.01	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	9.85	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	12.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	11.81	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
H D F C Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE A3+ Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB Stable Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB Stable Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB Stable Assigned
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB Stable Assigned
BANK OF INDIA (BOI)	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A3+ Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE A3+ Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.54	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.59	Simple	ACUITE BBB Stable Assigned
BANK OF INDIA (BOI)	Not avl. / Not appl.	Term Loan	30 Sep 2023	Not avl. / Not appl.	31 Aug 2027	0.80	Simple	ACUITE BBB Stable Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Term Loan	31 Dec 2021	Not avl. / Not appl.	31 Jul 2028	3.88	Simple	ACUITE BBB Stable Reaffirmed
BANK OF INDIA (BOI)	Not avl. / Not appl.	Term Loan	30 Nov 2021	Not avl. / Not appl.	31 Jul 2026	1.51	Simple	ACUITE BBB Stable Reaffirmed
	Not							ACUITE

BANK OF INDIA (BOI)	avl. / Not appl.	Term Loan	31 Dec 2023	Not avl. / Not appl.	30 Nov 2029	8.07	Simple	BBB Stable Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	30 Sep 2023	Not avl. / Not appl.	31 Aug 2028	7.20	Simple	ACUITE BBB Stable Reaffirmed

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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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