Press Release

SPECTRUM DYES AND CHEMICALS PRIVATE LIMITED

June 10, 2025

Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	400.00	ACUITE BBB | Stable | Assigned	-
Total Outstanding Quantum (Rs. Cr)	400.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of **'ACUITE BBB' (read as ACUITE triple B**o)n Rs. 400.00 Cr. bank facilities of Spectrum Dyes and Chemicals Private Limited (SDCPL). The outlook is **'Stable'.**

Rationale for rating assigned

The rating considers the established track record of operations along with long-standing experience of the management in the dyes and pigments industry. The rating also factors the modest scale of operations of the company with improving volumes and margins but declining sales realisations owing to increased competition. Further, the rating takes into account the strong resource mobilisation ability of the company in terms of monetisation of assets and investments, recovery of loans and advances from group companies and promoter infusions to support the headwinds faced by the company. The rating remains constrained on account of average financial risk profile and intensive working capital operations of the company. Further, the rating remains susceptible to intense competition, raw material price volatility and industry risks related to regulatory compliance to pollution control norms.

About the Company

Incorporated in 1989, Spectrum Dyes and Chemicals Private Limited (SDCPL) is engaged in the manufacturing of disperse dyes powder which is mainly used in dyeing and printing of polyester fibre, yarn and fabrics. SDCPL is a flagship company of Pratibha group (based in Surat), which has an established presence in the textile value chain for the last 35 years. The company's registered office is in Mumbai, while its manufacturing facility is located in Palsana, Gujarat. The company has a production capacity of 40,400 MTPA of dyes, offering wide range of 225+ products of disperse and reactive dyes along with dye intermediates. The present directors of the company are Mr. Yogesh Ramavtar Gupta, Mr. Avneep Bansal, Mr. Pramod Kumar Chaudhary, Mr. Akshat Pramodkumar Chaudhary and Mr. Balbirsingh Nathuram Pilania.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SDCPL to arrive at the rating.

Key Rating Drivers

Strengths

Long track record of operations along with experienced management

Being a family-owned business having multiple group companies in the textile industry, SDCPL has established a significant market presence in domestic as well as international markets. The company has healthy relationships with its customers and supplies products to stockists all over the country. Further, being present near the textile hub of Surat, ~45 percent of the sales is derived from the local market of Surat which results into lower logistics cost and access to large customer base. The company also exports to multiple countries like Morocco, Australia, Egypt, Sri Lanka, China, Vietnam, Bangladesh, etc. and is recognised as two-star export house and has various accreditations and domestic certifications. Further, the company also imports the raw materials which gets naturally hedged on the counter export sales, does not enter into any hedging limits for the net foreign currency exposure. The management of the company have more than three decades of experience in the dyes and textile industry which has supported the company to grow in terms of volumes even during the current downtrend in the industry.

Modest scale of operations
While the volumes have increased on a year-on-year basis, the revenue of the company declined to Rs. 751.33 Cr. in FY25(Prov.) as compared to Rs. 797.95 Cr. in FY24 and Rs. 915.04 Cr. in FY23 due to falling realisations on account of increasing competition, over-supply of products post recent capacity expansions by players globally and global geopolitical issues leading to decline in the demand from the end user industries. However, the operating margins of the company is on an improving trend as marked by 6.07 percent in FY25 (Prov.) as against 5.63 percent in FY24 and 3.68 percent in FY23 on account of reduction in input costs.
Going forward, growth in the operating performance at stable margins shall be a key rating sensitivity.

Strong resource mobilisation ability
For the past two years, the management has monetised their non-core assets, liquidated investments and recovered loans from group companies (Rs. 23.46 Cr. in FY25, Rs. 12.01 Cr. in FY24). The promoters also infused funds in the form of unsecured loans (Rs. 5.33 Cr. in FY25, Rs. 15.12 Cr. in FY24) which has aided the company's liquidity considering it's stretched net cash accruals as against maturing debt obligations. Further, the management has articulated on promoter support for the long term obligations and working capital requirements, as and when needed and proposes to monetise additional non-core assets.

Weaknesses

Average financial risk profile
The continued losses over the past years have impacted the net worth of the company. Further, the company has long-term debt liabilities majorly against the expansion capex incurred in FY2022-23 and working capital borrowings. Therefore, the financial risk profile continues to remain average with moderate gearing (debt-equity) at 1.05 times in FY25 (Prov.) (0.92 times in FY24) and low debt protection metrics with debt service coverage ratio at 1.06 times in FY25 (Prov.) (0.86 times in FY24). Going forward, improvement in cash accruals and continued support from promoter group shall be a key rating sensitivity to improve the financial risk profile.
Additionally, SDCPL has extended support in the form of corporate guarantee to one of its group companies, Anubha Industries Private Limited (AIPL) for their working capital banking limits amounting to Rs. 30 Cr. as on March 31, 2025. While the performance of AIPL has also declined over the years, the debt servicing is supported by promoter infusions and no funds have been extended by SDCPL till date.

Intensive working capital management
The company's working capital operations are intensive in nature marked by gross current assets (GCA) of 198 days as on March 31, 2025 (Prov.) as against 154 days as on March 31, 2024. The GCA days are majorly driven by the inventory levels which stood at 148 days for FY25 (Prov.) as against 112 days for FY24 as the company offers wide range of products and hence needs to maintain adequate levels of their inventory. Further, the debtor days stood at 46 days in FY25 (Prov.) and 36 days in FY24.

Intense competition leading to volatility in pricing along with regulatory risk
The company operates in a highly competitive industry characterized by the presence of numerous players, which limits the pricing power and bargaining strength of mid-sized firms. Also, the growth of the dyestuff sector is closely tied to the performance of downstream industries such as textiles and chemicals. Further, the volatility of underlying raw materials also affects the profitability of the company.
Further, SDCPL operates under the regulatory oversight of the Gujarat Pollution Control Board, which enforces strict guidelines on the production of disperse dyes, reactive dyes, dye intermediates, and the disposal of environmentally hazardous waste. To maintain compliance, the company has continually invested in upgrading its plant and machinery and the facility includes an effluent treatment plant (ETP) with a capacity of 5 million litres per day. However, any adverse changes in environmental regulations could negatively impact SDCPL's operational and credit risk profile.

Rating Sensitivities

- Growth in the operating performance leading to improved cash accrual generation
- Any further deterioration in financial risk profile
- Elongation in the working capital operations
- Continued support from the promoter group

Liquidity Position
Stretched

The company's liquidity position is stretched marked by net cash accruals of Rs. 27.52 Cr. (including profit on sale of assets and investments) in FY25 (Prov.) as against long-term debt repayment obligations of Rs. 24.18 Cr. for the same period. Going forward, the net cash accruals are expected to improve on the back of expected improvement in operating performance. The bank limit utilisation based on the fund-based limits utilisation stood at an average of ~82.07 per cent for last eight months ended March' 2025 and the non-fund based limits utilisation stood at an average of 52.82 percent for last eight months ended March' 2025. The current ratio stood at 1.04 times as on March 31, 2025 (Prov.). Further, the cash and bank balances of the company stood at Rs. 0.16 Cr. as on March 31, 2025 (Prov.).

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	751.33	797.95
PAT	Rs. Cr.	(10.86)	(21.41)
PAT Margin	(%)	(1.45)	(2.68)
Total Debt/Tangible Net Worth	Times	1.05	0.92
PBDIT/Interest	Times	1.96	1.57

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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. 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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	190.00	Simple	ACUITE BBB | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE BBB | Stable | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	59.46	Simple	ACUITE BBB | Stable | Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	01 Jul 2021	Not avl. / Not appl.	20 Apr 2029	53.66	Simple	ACUITE BBB | Stable | Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	23 Apr 2021	Not avl. / Not appl.	01 Jul 2029	17.83	Simple	ACUITE BBB | Stable | Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	15 Jul 2021	Not avl. / Not appl.	30 Nov 2025	4.05	Simple	ACUITE BBB | Stable | Assigned

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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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