

Royal Castor Products Limited

May 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Fixed Deposit	12.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable

Details of instruments/ facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had, vide its press release dated March 26, 2018, placed the ratings of Royal Castor Products Limited (RCPL) under the 'issuer non-cooperating' category as RCPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. RCPL continues to be non-cooperative despite repeated requests for submission of information through emails dated January 22, 2025, February 01, 2025 and February 11, 2025. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Rating has been revised on account of non-availability of requisite information.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 08, 2024, the following were the rating strengths and weaknesses:

Key weaknesses

RCPL's exposure to agro-climatic risks for its castor oil based products along with volatility in castor oil prices and forex rates

Refined castor oil which is the major raw material (~50-60% of total cost) for RCPL is an agri-commodity produce, hence vulnerable to agro-climatic risks. Further, the castor seed market has also witnessed volatility in recent years, with increase in its applications in various chemicals, including industrial and automotive lubricants, pharmaceuticals and cosmetics. This exposes RCPL to the volatility in prices of castor oil. Further, RCPL earns around half of its revenue from exports, both for bulk products and value added products, which exposes it to fluctuation in forex rates. However, RCPL has a natural hedge to a certain extent by way of imports, although the balance exposure is largely kept un-hedged as per the management policy.

Elongated working capital cycle

The working capital cycle of RCPL marked by gross operating cycle days (inventory and debtors) has inherently remained elongated; albeit some improvement over the past five years from 95 days in FY19 to 77 days in FY23.

Customer Concentration Risk

RCPL's export sales, contribute roughly ~50% to its revenue, is concentrated towards few large players. Further, for domestic sales ~30% of the revenue is contributed from specific derivatives manufactured under agreement with Mitsui Chemicals India Private Limited (MCIPL). This exposes RCPL to high customer concentration risk.

Key strengths

Experienced and resourceful promoter group

The Standard Greases (SG) Group, one of the promoter groups of RCPL, has a wide experience of more than three decades in the industrial and automotive lubricants business through Standard Greases & Specialties Pvt. Ltd. (SGSPL), which is primarily engaged in contract manufacturing of lubricants apart from selling them under its own private label. SGSPL is also the largest shareholder in Tide Water Oil Limited (TWOL), which has established presence in the domestic lubricants market through its 'Veedol' and 'Eneos' brands.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Established operations in various specialty chemicals that find diverse applications

RCPL has an established track record of operations of more than two decades in the chemical industry which it initiated with castor oil based derivative products used primarily in lubricants, cosmetics, pharmaceuticals and coatings industry. Over the last few years, it has diversified into non-castor oil based chemicals, including polyamides and other specialty chemicals under chemipearl group of chemicals. In FY23, RCPL's TOI witnessed growth of around 8% to ₹697.47 crore as against FY22. However, its PBILDT margin improved to 11.89% in FY23 (FY22: 9.60%) despite volatility in raw material prices.

Long-term arrangements with key customers for off-take of products reducing the saleability risk

RCPL had arrangements with Kusumoto Chemicals Limited, Japan (KCL) for production of polyamides, which KCL sells in the open market. RCPL also had an arrangement with Mitsui Chemicals India Private Limited for manufacturing of specialty chemicals under its Chemipearl brand. These marketing arrangements offset the saleability risk for RCPL to a large extent. In addition to these, RCPL also has established its customer base in India as well as in select overseas markets through direct exports.

Comfortable capital structure and debt coverage indicators

RCPL's capital structure was comfortable with a healthy net-worth base and prudent utilization of working capital bank borrowings. RCPL's net worth stood at ₹269.60 crore as on March 31, 2023, as against total debt of ₹55.68 crore (including fixed deposits of ₹22.83 crore) resulting into an overall gearing of 0.21 times. Moreover, its debt coverage indicators i.e. interest coverage and total debt to GCA remained stable and comfortable as on March 31, 2023.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

Incorporated in August 1994, Sidhpur (Gujarat) based RCPL is engaged in manufacturing of various speciality chemicals which find application in various industries including packaging, inks, textiles, agro-chemicals, lubricants, cosmetics and pharmaceuticals. RCPL was promoted jointly by Mumbai based Standard Greases (SG) group and Sidhpur based Patel group.

Brief Financials (₹ crore) *	FY22 (A)	FY23 (A)
Total operating income	649.61	697.87
PBILDT	62.37	83.00
PAT	39.05	49.35
Overall gearing (times)	0.36	0.21
Interest coverage (times)	10.87	8.93

A: Audited; *Financials available from the website of Ministry of Corporate Affairs

Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

In absence of requisite information from RCPL, ICRA, Brickwork Ratings and Acuite Ratings & Research Limited have maintained the ratings assigned to the bank facilities and fixed deposit of the company under issuer not cooperating vide their press releases dated October 10, 2024, May 15, 2025 and August 20, 2024 respectively.

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit	-	-	Not more than 12%	Repayable on demand	12.00	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating (s) assigned in 2025-2026	Date(s) and Rating (s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fixed Deposit	LT	12.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (08-Mar-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (12-Dec-22) 2)CARE BB+; Stable; ISSUER NOT COOPERATING* (22-Jun-22)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable.**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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