

Vipul Organics Limited

July 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn
Short Term Bank Facilities	-	-	Reaffirmed at CARE A3 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB-; Stable/ CARE A3' [Triple B minus; Outlook: Stable/A three] assigned to the bank facilities of Vipul Organics Limited (VOL) with immediate effect. The above action has been taken at the request of VOL and 'No Objection Certificates' (NOC) received from the banks that have extended the facilities rated by CareEdge Ratings.

The ratings continue to derive strength from experienced management with long track record in the chemical industry, established relationship with well-established and reputed customers/suppliers in chemical industry and comfortable capital structure and debt coverage indicators. The above rating strengths, however, are tempered by modest scale of operations, moderate profitability margins which are susceptible to volatile key raw material prices and working capital intensive nature of operations. The ratings are further constrained by foreign exchange fluctuation risk, project execution risk and presence in competitive industry.

Analytical approach: Consolidated

CARE has adopted a consolidated approach to assess the risk profile of Vipul Organics Limited (VOL) and its subsidiary, i.e., Shree Ambika Naturals Private Limited (SANPL). The consolidation is in view of common management and same line of business. (refer annexure- 6)

Detailed description of key rating drivers:

Key strengths

Experienced management with long track record in the industry

Incorporated in 1972, VOL (Formerly known as Vipul Dye Chem) is managed by a team of highly experienced professionals led by Chairman and Director Mr. Vipul Shah, who possess three decades of experience in the industry. Mr. Mihir Shah is a wholetime director and Chief Financial Officer. All the directors are supported by professional second line of management in the field of human resources, finance & purchase and sales & marketing.

Established relationship with reputed customers

Over the past five decades of its existence, VOL has established healthy relationship with reputed players in the pigments and dyes in the Indian and export market and receive repeat orders from them. Its esteemed clientele includes companies namely Rust-Oleum Corporation, Soujanya Color Private Limited, Suplica B.V, Axenic Chemicals Private Limited and others.

Comfortable capital structure and debt coverage indicators

VOL's capital structure continues to remain comfortable marked by overall gearing of 0.72x as on March 31, 2025 (P.Y. 0.54x). Further, the debt coverage indicators also deteriorated, however, remained satisfactory marked by Total debt/ PBILDT and TDGCA of 3.07x and 4.44x respectively as on March 31, 2025 (P.Y. 2.66x and 3.64x). The interest coverage indicator (PBILDT/ Interest) remained comfortable at 5.56x in FY25 (refers to April 1 to March 31), compared to 4.86x in FY24.

Key weaknesses

Modest scale of operations

VOL's scale of operations continues to remain modest. TOI increased by 8.4% during FY25 to Rs.162.8 crore from Rs.150.17 crore in FY24.

Moderate profitability, susceptibility to volatile raw material prices

VOL's profitability is susceptible to the volatility in prices of its key raw materials namely (Naphthalene, Benzene derivatives) and exchange rate fluctuations as majority of revenue is derived from exports. During FY25, PBILDT margins improved to 9.15% vis-à-vis 7.79% in FY24. Further, PAT margin also improved in line with PBILDT margin to 2.72% in FY25.

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

Working capital intensive nature of operation

The operations of the VOL are working capital intensive in nature owing to funds being blocked into inventory and debtors. Inventory days improved to 86 in FY25 vis-à-vis 94 days in FY24. VOL generally provides 60-90 days of credit to its customers. Approximately 80% of debtors are covered under Export Credit Guarantee Corporation of India (ECGC) scheme which lowers the probability of bad debts. Operating cycle deteriorated slightly but remained moderate at 104 days in FY25 vis-à-vis 93 days in FY24.

Foreign exchange fluctuation risk

Since majority of the operations are relied on exports, any adverse movement in foreign currency rates may impact the company's profitability margin.

Presence in fragmented and competitive nature of industry

Company operates in a competitive and fragmented industry. The company witnesses intense competition from both the other organized and unorganized players domestically. This fragmented and highly competitive industry results into price competition thereby posing a threat to the profit margins of the companies operating in the industry.

Liquidity: Not applicable

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Dyes And Pigments

Vipul Organics Limited (formerly Vipul Dye Chem) was founded in 1972 by Mr. Pravinchandra B. Shah and was later listed on the Bombay Stock Exchange in 1995. VOL is engaged in the manufacturing of pigments and dyes which finds application in textiles, pharmaceutical, paint, plastic and other industries. VOL has three manufacturing plants located at Ambarnath, Palghar, and Boisar in Maharashtra with total installed capacity of 3120 MTPA. VOL derives majority of its revenue (accounting for 69% in FY24) from exports to 40+ countries. VOL procures its raw materials i.e. intermediates domestically from the reputed suppliers.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	150.99	162.80
PBILDT	12.62	14.90
PAT	3.34	4.43
Overall gearing (times)	0.52	0.72
Interest coverage (times)	5.24	5.56

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL, vide its press release dated March 28, 2025, reviewed the ratings assigned to the bank facilities of VOL under Issuer Non-cooperation category, as the company did not provide the requisite information needed to conduct the rating exercise.

India Ratings, vide its press release dated September 12, 2024, reviewed the ratings assigned to the bank facilities of VOL under Issuer Non-cooperation category, as the company did not provide the requisite information needed to conduct the rating exercise.

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
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31-04-2029	0.00	Withdrawn
Fund-based - ST-EPC/PSC		-	-	-	0.00	Withdrawn

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	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB-; Stable (01-Jul-25)	1)CARE BBB-; Stable (05-Sep-24)	1)CARE BBB-; Stable (06-Nov-23)	-
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BBB-; Stable (01-Jul-25)	1)CARE BBB-; Stable (05-Sep-24)	1)CARE BBB-; Stable (06-Nov-23)	-
3	Fund-based - ST-EPC/PSC	ST	-	-	1)CARE A3 (01-Jul-25)	1)CARE A3 (05-Sep-24)	1)CARE A3 (06-Nov-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short 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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Shree Ambika Naturals Private Limited	Full	Subsidiary (VOL holds 56.04%)

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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