CareEdge RATINGS

Amal Limited

September 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	6.00 (Enhanced from 4.00)	CARE A+; Stable	Reaffirmed

Rationale and key rating drivers

Rating assigned to bank facilities of Amal Limited (Amal) continues to derive strength from its strong parentage of Atul Limited (Atul; rated 'CARE AA+; Stable/ CARE A1+'), which has an established track record of operations in the chemical industry and a strong credit risk profile; and the managerial support that Amal receives from Atul. The rating further derives strength from the strategic location of Amal's manufacturing facility, situated near aromatic facility of Atul, to which the company provides backward integration; sustained improvement in operating performance supported by ramp up of capacity in its wholly owned subsidiary Amal Speciality Chemicals Limited (ASCL), improved financial risk profile and adequate liquidity.

However, the rating is constrained considering its single product portfolio with limited scale of operations, susceptibility of profitability to volatile raw material prices, and exposure to stringent pollution control norms.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in consolidated scale of operations while maintaining its comfortable leverage.
- PBILDT margin of over 30% on a sustained basis with continued healthy debt coverage indicators.
- Significant increase in off-take by Atul Limited from Amal as well its subsidiary, ASCL.

Negative factors

- Significant deterioration in the credit profile of Atul or weakening of linkages.
- Lower-than-envisaged capacity utilisation adversely impacting its returns and debt coverage indicators on a sustained basis.
- Large debt funded capex/acquisition leading to significant deterioration in its capital structure marked by an overall gearing beyond 1.00x.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken consolidated approach for Amal considering business synergies and financial linkages with its wholly owned subsidiary. Entities consolidated have been listed under Annexure-6.
Amal's strong operational and financial linkages with its parent company, Atul have been factored in while arriving at the rating. Through its subsidiary ASCL, Amal has expanded its sulphuric acid capacity in line with the requirements of Atul.

Outlook: Stable

The 'Stable' outlook on the rating reflects that Amal shall continue to benefit from operational and financial linkages with its parent, Atul, while maintaining its healthy capital structure in the absence of large debt-funded capex plans in the near term.

Detailed description of key rating drivers:

Key strengths

Strong parentage of Atul having long-standing presence in chemical industry and common management

Amal is part of the Atul group. Atul holds 49.86% in Amal mainly through its investing company, Atul Finserv Limited. Amal is a subsidiary of Atul by virtue of significant control over the operations of Amal. Atul operates one of the largest integrated chemical complexes in India, with a well-diversified product portfolio of ~900 products and 400 formulations divided into two segments: life science chemicals (LSC) and performance and other chemicals (POC). These products cater to a variety of industries, including textiles, paints and coatings, adhesives, dyestuffs, agriculture, fragrances and flavours, cosmetics, personal care, tires, paper, plastics, pharmaceuticals, aerospace, composites, construction, and glass among others. It has manufacturing facilities at seven sites in India, with its main site in Valsad spread across 1,250 acres. It has marketing offices in the USA, the UK, the UAE, China, and Brazil among others. In FY25, Atul had a consolidated revenue of ₹5,584 crore (FY24: ₹4,728 crore) with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 16.45% (FY24: 13.57%). Amal shares common management with Atul, which has extensive experience in the chemical business and has a strong financial risk profile. Furthermore, Atul has a strong track record of supporting its group companies.

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

Strategic location of Amal's plant in vicinity of Atul's production plant leading to operational synergies with Atul
Amal itself operates 140 tonne per day (TPD) sulphuric acid plant while through ASCL operates 300 TPD plant at Ankleshwar, Gujarat. Atul had set up facility for sulphuric acid and other derivatives in ASCL with an aim to ensure consistent availability of quality products, safeguard against high volatility in the market prices of these products, and savings in freight cost. Plants of both entities are in the vicinity of Atul's aromatic division manufacturing facility. Atul off-takes its sulphuric acid requirement from Amal, reducing the saleability risk. Amal's business operations serve as backward integration for Atul. Furthermore, proximity to Atul's plant enables Amal to meet Atul's requirements for sulphuric acid and other downstream chemical products at lower transportation cost, ensuring business synergies at group level. Amal derived ~35% of its consolidated revenue from Atul in FY25 (FY24: 37%).

Sustained growth in operating performance in FY25; continued healthy operating performance in Q1FY26.
Amal's operating performance continued to witness a healthy growth in FY25. Total operating income (TOI) grew by 57% y-o-y to ₹135 crore supported by strong growth in sales of sulphuric acid and products (+71% y-o-y) and steam (+21% y-o-y). Strong growth in sulphur-based products was backed by strong growth in realisation (+56% y-o-y) while volume grew by 9% y-o-y. The company continued to ramp up the operations of its subsidiary, ASCL. The company operated its plant at full capacity in FY25 against capacity utilisation of 89% in FY24. Sales of sulphur-based products contributed ~77% to revenue, while balance was contributed by steam sales. PBILDT margin improved significantly to 32.27% in FY25, from 17.85% in FY24 driven by strong growth in revenue and better cost absorption. Consequently, the company reported PAT of ₹29 crore in FY25 against ₹2 crore in FY24. Continued strong growth in realisation and healthy growth in volumes led to a strong 131% y-o-y growth in revenue to ₹47 crore in Q1FY26. PBILDT margin stood lower at 24.58% in Q1FY26 considering higher raw material cost, higher repairs and maintenance cost and lower sales of high margin steam owing to shut down of the plant of Amal for annual maintenance. Scale of operations is expected to remain healthy in FY26 backed by continued full capacity utilisation of the plant given expectations of steady demand from the end user industries, though normalisation of the product prices could result in tapering of the scale going forward.

Strong financial risk profile
Amal has strengthened its financial risk profile through repayment of borrowings. Backed by strong growth in profit margin, the company earned gross cash accruals (GCA) of ₹39 crore in FY25 (FY24: ₹11 crore), which were utilised for prepayment of its entire term debt and its working capital borrowings. As on March 31, 2025, Amal stood debt free. Interest coverage ratio stood at 21.53x in FY25 (FY24: 4.12x) and 82.47x in Q1FY26. The company primarily utilises non-fund-based limits for procurement of the raw materials. Financial risk profile is expected to remain strong in the absence of debt funded capex and continued healthy cash accruals.

Liquidity: Adequate
Amal's liquidity profile improved in FY25. Cash and equivalents stood at ₹22.64 crore as on March 31, 2025. The company has no scheduled debt obligations in FY26. Cash accruals and existing cash and equivalents are likely to be sufficient to meet capex and incremental working capital requirement. The company is utilising its working capital limits in the form of non-fund-based limits, the utilisation of which stood at 69% in the last twelve months ended June 30, 2025. Current ratio also improved to 1.89x in FY25 from 0.99x in FY24. With strong capital structure and strong parentage, the company has headroom to raise debt to meet funding requirement.

Key weaknesses
Small scale of operations with high dependence on single product profile
On a consolidated basis, Amal has installed capacity of 440 TPD for manufacturing sulphuric acid and related downstream products. Due to limited manufacturing capacity, commoditised nature of products manufactured and no major expansion currently planned, Amal's scale of operations is expected to remain limited with high dependence on a single product.

Profitability susceptible to volatile key raw material prices
Sulphur is the primary raw material for production of sulphuric acid and related downstream products, accounting for ~50% of the company's total cost structure. Over the years, Sulphur prices exhibited significant volatility, marked by sharp increase in 2021-2022, culminating in a peak of US$516/MT in May 2022. Following this peak, prices experienced a steep decline, reaching US$90/MT by July 2023. Thereafter, sulphur prices stabilised, fluctuating between US$95/MT and US$113/MT through mid-2024. Further, in FY25 the sulphur prices have witnessed a sustained increase from US$109/MT in May 2024 to US$263/MT in March 2025 and further to US$304/MT in May 2025. Consequently, average sulphur prices increased to US$157/MT in FY25 (FY24: US$107/MT), while it stood at US$298/MT in Q1FY26. Volatility in sulphur prices remains a key factor influencing Amal's cost

structure and overall profitability. Additionally, the company remains susceptible to finished goods prices on the basis of demand from end-user industries.

Risk associated with stringent pollution control norms
Amal's operations are subject to environment related regulatory compliances, which needs to be adhered to in a stringent manner. Pollution related norms are continuously evolving. Accordingly, continuous adherence to defined pollution control norms are mandatory for seamless operations. The company has been complying with the required pollution control norms and there have not been adverse observations in the last many years. The company's operations are subject to continuous monitoring and compliance obligations, and tightening regulatory norms could lead to increased operational costs and potential disruptions.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
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 July 1974, Amal is a publicly listed company and a subsidiary of Atul by virtue of control over the operations. The company is engaged in manufacturing bulk chemicals, including sulphuric acid, oleum, and their downstream products such as sulphur dioxide and sulphur trioxide at its facility in Ankleshwar, Gujarat, with an installed capacity of 440 TPD. These products are utilised across industries, including dyestuff, fertilizers, personal care, petrochemicals, pharmaceuticals, and textiles, among others.

Brief Financials of Amal - Consolidated (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	86.09	135.32	47.31
PBILDT	15.37	43.66	11.63
PAT	1.70	29.29	9.40
Overall gearing (times)	0.34	0.00	NA
Interest coverage (times)	4.12	21.53	82.47

A: Audited; UA: Unaudited; NA: Not available;
Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

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		-	-	-	6.00	CARE A+; Stable

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	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (09-Aug-22)
2	Fund-based - LT-Cash Credit	LT	6.00	CARE A+; Stable	-	1)CARE A+; Stable (10-Oct-24)	1)CARE A+; Stable (27-Sep-23)	1)CARE A+; Stable (09-Aug-22)

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	Fund-based - LT- Cash Credit	Simple

Annexure-5: Lender details

To view 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	Amal Speciality Chemicals Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge 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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