Gujarat Colourlam Private Limited

January 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	56.50 (Enhanced from 14.85)	CARE BB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings previously assigned to bank facilities of Gujarat Colourlam Private Limited (GCPL) were denoted as 'CARE B; Stable; ISSUER NOT COOPERATING', as the company did not provide the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings Limited (CareEdge Ratings) had reviewed ratings based on the best available information. However, the company has now submitted the requisite information to monitor ratings, and CareEdge Ratings has carried out a full review of ratings, which now stand at 'CARE BB+; Stable'.

Revision in ratings assigned to bank facilities of GCPL factors improvement in the capital structure for two years ended FY25 (FY refers April 01 to March 31) and H1FY26.

Ratings continue to remain constrained considering moderate scale of operations and profitability, profitability susceptible to volatile raw material prices, moderate debt coverage indicators and GCPL's presence in fragmented and competitive industry and stretched liquidity.

However, ratings derive strength from vast experience of the promoters and adequate liquidity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-backed growth in the scale of operation with total operating income (TOI) above ₹100 crore on a sustained basis.
- Total debt to profit before interest, lease rentals, depreciation and tax (TD/PBILDT) below 4x on a sustained basis.

Negative factors

- Significant decline in TOI or profitability margin compared to envisaged level.
- TD/PBILDT above 7x on a sustained basis.
- Significant elongation in the operating cycle impacting liquidity.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that the company shall continue to benefit from the experience of its promoters and shall sustain its moderate financial risk profile in the near-to-medium term.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and profitability

GCPL reported TOI of ₹92.10 crore in FY25 against ₹88.58 crore in FY24, a y-o-y growth of ~4%, backed by increase in sales volume. The PBILDT margin remained range bound at 9.80-12.80% for five years ended FY25. GCPL reported PBILDT margin of 12.75% (FY24: 9.80%) in FY25. With the moderate PBILDT and comparatively higher interest and finance cost, the profit after tax (PAT) margin remained thin at 1.29% (FY24: 0.44%) in FY25. The company's TOI remains fluctuating owing to fluctuating sales realisation which generally moves in tandem with the raw material prices.

GCPL reported TOI of ~₹41 crore in H1FY26 and likely to achieve y-o-y growth of ~10-13% in FY26.

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

Moderate debt coverage indicators
GCPL's debt coverage indictors remained moderate marked by TD/PBILDT and TD to gross cash accruals (GCA) of 11.63x and 6.55x respectively in H1FY26 compared to 10.32x and 5.68x respectively in FY25. PBILDT interest coverage moderated from 2.25x in FY25 to 1.89x in H1FY26.

Going forward, company does not have major debt availment plan, which is likely to improve its debt coverage indicator.

Elongated operating cycle
GCPL's operations are working capital intensive due to seasonality associated with raw material availability. Price of raw material, sugarcane bagasse, which is available during crushing season of sugarcane, GCPL required storing the raw material for non-crushing period. Raw material is volatile depending on demand-supply dynamics, rain fall pattern, and government policy. It has to maintain sufficient inventory of raw materials for smooth production process and finished goods to meet immediate demand of the customers, resulting in average inventory period of 220 days in FY25 (FY24: 185 days). With its recent diversified into wood-based particle boards, the company is expected to maintain lower inventory levels going forward.

The company generally receives advance payments from its customers while raw materials are procured from the local markets who generally extend a credit period of ~45-60 days. Operating cycle stood elongated at 164 days in FY25 against 132 days in FY24. Consequently, gross current asset remained elongated at 206 days in FY25 (FY24: 242 days).

Profitability susceptible to input price volatility and fragmented nature of Industry
Raw material cost formed ~52% (FY24: ~60%) of the total cost of sales in FY25. The primary raw materials utilised in the production of particle board are bagasse, wood, Resin and paper. The company is exposed to price volatility risk as bagasse and wood prices have remained fluctuating in the past based on their availability. The industry is highly fragmented and unorganised in nature, putting pressure on profitability margins of companies engaged in the industry. New players are also entering the industry due to low entry barriers, intensifying competition and constraining profitability.

Key strengths

Experienced promoters and long track record of operations
GCPL was incorporated by the Agarwal family in 1991. Currently, operations are managed by four partners, Om Prakash Agarwal, Anand Kumar Agarwal, Amit Agarwal, and Anup Agarwal. Om Prakash Agarwal and Anand Kumar Agarwal have over four decades of plywood and laminates industry experience and looks after finance, accounts and admin. Amit Agarwal and Anup Agarwal have over a decade of industry experience and mainly looks after production and marketing.

GCPL was initially involved in the trading plywood and particle boards, in 2010 it started manufacturing bagasse-based particle boards. GCPL has also diversified into wood-based particles boards to cater to market demand. Currently, it has presence in 24 states across India with major presence in Maharashtra, Gujarat, Rajasthan and Uttar Pradesh.

Promoters are also associated with group company, Gujarat Woodlam Products Private Limited, which is engaged in manufacturing plywood.

Improvement in the capital structure
GCPL's capital structure, marked by overall gearing, improved from 1.69x as on March 31, 2024, to 1.43x as on March 31, 2025, and 1.26x as on September 30, 2025. This was considering increase in net worth base with plough back of profit. GCPL's net worth base stood modest at ₹46.64 crore as on March 31, 2025, limiting its financial flexibility. Total outside liabilities to net worth (TOL/TNW) stood at 1.48x as on March 31, 2025 (1.78x as on March 31, 2024).

Liquidity: Stretched

GCPL's liquidity remained stretched marked by moderate GCA against debt repayment obligations and low cash and bank balance of ₹0.03 crore as on March 31, 2025. GCPL is expected to achieve GCA of ~₹7 crore, against debt repayment of ₹5.28 crore in FY26. Average utilisation of its fund-based working capital borrowings remained high at ~89% for 12 months period ended October 31, 2025. It reported cash flow from operation of ₹18.26 crore in FY24 against negative ₹8.44 crore in FY24. Current and quick ratio remained moderate at 1.01x and 0.06x as on March 31, 2025.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)
[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
Consumer discretionary	Consumer durables	Consumer durables	Plywood boards/ laminates

Surat, Gujarat based GCPL was incorporated in 1991 as M-Sons Textiles Private Limited and was initially involved in trading plywood and particle boards. In 2011, GCPL set up its particle board manufacturing unit.

Promoted by Om Prakash Agarwal, Anand Kumar Agarwal, Amit Agarwal, and Anup Agarwal, GCPL manufactures bagasse and wood base particle boards under the brand "G Mica", which mainly finds furniture industry products. The company operates three manufacturing plants in Surat, with a daily production capacity of 12,000 pieces.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	88.58	92.10	41.38
PBILDT*	8.68	11.73	4.58
Profit after tax (PAT)	0.39	1.18	0.81
Overall gearing (x)	1.69	1.43	1.26
Interest coverage (x)	2.24	2.25	1.89

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	-	-	-	-	35.57	CARE BB+; Stable
Fund-based - LT-Term Loan	-	-	-	30/06/2029	20.93	CARE BB+; 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	Fund-based - LT-Term Loan	LT	20.93	CARE BB+; Stable	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Jan-25)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (12-Jan-24)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (23-Dec-22)
2	Fund-based - LT-Cash Credit	LT	35.57	CARE BB+; Stable	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Jan-25)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (12-Jan-24)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (23-Dec-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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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.

Contact us

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