

Dhanveen Pigments Private Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	47.11 (Reduced from 48.72)	CARE BBB-; Negative	Downgraded from CARE BBB; Negative
Short-term bank facilities	0.70	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the long-term rating assigned to bank facilities of Dhanveen Pigments Private Limited (DPPL) reflects liquidity stress arising from moderation in scale of operations and commitment of internal accruals towards capital expenditure in copper sulphate facility, office building, vehicle purchase and maintenance of existing machineries, resulting into increase in working capital requirements and moderation in debt coverage indicators.

However, ratings continue to derive strength from DPPL's experienced promoters, established track record in the pigment industry, moderately diversified and reputed clientele, and a comfortable capital structure in FY25.

Ratings continue to remain constrained by DPPL's moderate profit margins with susceptibility to raw material price volatility, product concentration risk, and compliance risks associated with stringent pollution control norms.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume backed growth in total operating income (TOI) to more than ₹300 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of more than 6% on sustained basis.
- Improvement in liquidity position marked by current ratio above 1.2x.

Negative factors

- Decline in TOI to less than ₹200 crore and PBILDT margin below 5% on sustained basis.
- Deterioration in debt coverage indicators with PBILDT interest coverage below 2x
- Further deterioration in liquidity profile of the company with extension of loans and advances to group company or otherwise

Analytical approach: Standalone

Outlook: Negative

CARE Ratings Limited (CareEdge Ratings) has continued the 'Negative' outlook on bank facilities of DPPL with the expectation that coverage indicators are likely to remain modest and some stress in the liquidity profile may persist in the near-to-medium term. The outlook may be revised to 'Stable' if the company is able to achieve the envisaged scale of operations and profitability, while demonstrating effective working capital management going forward.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of operations in the pigment industry

DPPL has an established track record of operations of over two decades in the manufacturing of the Pigment Green-7. Over the years, it established facility for manufacturing grades of green pigment. Bhupat Ramolia, Chairman, has over two decades of experience in the pigment industry and looks after the company's overall operation. He is suitably aided by his family and experienced professionals in respective domains for the company's overall functioning.

Moderately diversified clientele

DPPL has reputed clientele comprising of established colorant and chemical companies in the export and domestic market. Sales to top 10 clients contributed 44% to net sales in FY25 against 50% sales to top 10 customers in FY24, indicating moderate concentration in the customer profile.

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

Comfortable capital structure

DPPL's capital structure remains comfortable, with overall gearing at 0.94x as on March 31, 2025 (PY: 0.88x), which has moderated in the last years due to an increase in debt levels with higher utilisation of working capital limits against moderate net worth base. Despite this, overall gearing continues to remain below unity and is expected to stay so going forward. Adjusted gearing after considering loans and advances of ₹19.80 crore extended to group concern stood at 1.33x as on March 31, 2025 (PY: 1.28x).

Key weaknesses**Declining scale of operations, despite moderating with moderate profitability**

Scale of operations, as marked by TOI, has been on a declining trend for four years ending FY25. In FY25, DPPL reported TOI of ₹256.15 crore, reflecting a decline of ~13% compared to FY24. Trading sales contributed 14% to TOI, which remained broadly in line with the previous year. The contraction in TOI in FY25 was primarily volume driven. Sales volume of Green-7, dropped by ~22%, while sales realisation declined marginally by ~3% in the year. In H1FY26, DPPL reported TOI of ₹111.78 crore, with management projecting full-year TOI in the range of ₹225–230 crore. Realization in H1FY26 remained broadly in line with FY25 levels.

Given the limited value addition, the company's operating profitability has remained moderate. Profitability, as indicated by PBILDT margin, stood at 6.84% in FY25 compared to 5.01% in FY24, while profit after taxation (PAT) margin remained stable at 2.07% in FY25 against 1.96% in FY24. In H1FY26, DPPL reported PBILDT margin of 5.03%.

Moderation in debt coverage indicators

With an increase in debt levels and stable profitability in FY25, DPPL's debt coverage indicators witnessed moderation. This is evident from the rise in finance costs to ₹5.55 crore in FY25 from ₹3.97 crore in FY24. Consequently, interest coverage ratio moderated to 3.16x in FY25 from 3.73x in FY24. Further, it remained at 2.02x in H1FY26. Similarly, total debt to gross cash accruals (TD/GCA) deteriorated to 6.37x in FY25 from 6.06x in FY24 (3.02x in FY23).

Implementation and stabilisation risk towards ongoing capex

DPPL is undertaking a capital expenditure project for the production of Copper Sulphate with an installed capacity of 720 MTPA, construction of new office building on a vacant land, purchase of vehicles, replacement and maintenance of machineries among others with total expected project costs of ~₹25.5 crore to be incurred in FY24-FY26. Till March 31, 2025, DPPL has incurred ~₹20 crore towards the said capex with majority funding from internal accruals. Of the pending costs of ~₹5.5 crore to be incurred in FY26, term loan of ₹3 crore is sanctioned and remaining will be funded through internal accruals. Work pertaining to office building is expected to be completed in Q4FY26 and commercial operations of copper sulphate plant is scheduled to commence in March 2026. The benefits from this diversification and stabilisation of the new unit is yet to be seen.

Concentration in Pigment Green-7; diversification underway

DPPL manufactures a single pigment - pigment Green-7 (despite grades), which leads to a product concentration risk compared to other large established players having integrated operations and multiple products with large capacities. To mitigate that DPPL is implementing a capex for the production of Copper Sulphate with an installed capacity of 720 MTPA, scheduled to commence operations in March 2026, benefits from this diversification and stabilisation of the new unit are yet to be seen.

Profitability susceptibility to raw material price volatility

Copper Phthalocyanine (CPC-Blue), Aluminium Chloride and Cupric Chloride are the primary raw materials used by DPPL in manufacturing of pigment and they are derived from minerals/metal and hence their prices exhibit volatility in-line with the global demand-supply scenario. Due to limited bargaining power considering its modest scale and presence in a competitive industry, DPPL's profitability is exposed to adverse movement in raw material prices.

Risk of compliance of stringent pollution control norms

Being presence in chemical industry, DPPL is required to adhere to stringent pollution control norms prescribed by regulatory authorities. Non-compliance or further tightening of norms could adversely impact its operations. To ensure sustained and uninterrupted operations, DPPL must continuously invest in meeting evolving environmental standards. The company has been complying with prevailing norms and has implemented robust measures, including a zero liquid discharge (ZLD) facility and an effluent treatment plant (ETP) and a water recovery system. DPPL holds adequate solid waste disposal permissions from Bharuch Enviro Infrastructure Limited, considering its current scale of operations. Continued compliance with evolving pollution control norms remains critical for DPPL and other industry players.

Liquidity: Adequate

Liquidity remains adequate, supported by a healthy cash and bank balance, sufficient GCA to meet term debt obligations and pending capex, and positive cash flow from operations in FY25. Cash and bank balance stood at ₹2.51 crore as on March 31, 2025 (PY: ₹3.78 crore). GCA of ₹10.12 crore in FY25 were sufficient to cover term debt repayments of ₹3.48 crore and pending expense towards capex of ₹2.31 crore in FY26. Cash flow from operations (CFO) improved significantly from negative ₹6.71 crore in FY24 to ₹5.55 crore in FY25, primarily due to realisations from trade receivables. However, utilisation of working capital limits remained high at ~95% for 12 months ended November 2025. Current ratio and quick ratio stood low at 0.99x and 0.85x respectively as on March 31, 2025 (PY: 0.97x and 0.85x). DPPL's operating cycle remained moderate at 49 days in FY25 against 30 days in FY24.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Dyes and pigments

Incorporated in 1998, DPPL is promoted by Bhupat Ramolia and his family. The company specialises in manufacturing Pigment Green-7, widely used across multiple industries. DPPL operates from its plant in Bharuch, Gujarat, with an installed capacity of 5,280 Metric Ton Per Annum (MTPA) as on March 31, 2025. About 50% of DPPL's products serve the paint industry, 30% the plastic industry, and the balance goes to textile inks and other applications, with an export-to-domestic ratio of 70:30. To diversify its product portfolio, DPPL is implementing a capex for the production of Copper Sulphate, with an installed capacity of 720 MTPA, scheduled to commence operations in February 2026.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (Prov.)
Total operating income	295.47	256.14	111.78
PBILDT*	14.81	17.52	5.62
Profit after tax (PAT)	5.79	5.29	NA
Overall gearing (x)	0.88	0.94	NA
Interest coverage (x)	3.73	3.16	2.02

A: Audited Prov.: Provisional NA: Not Available; 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		-	-	-	45.00	CARE BBB-; Negative
Fund-based - LT-Term Loan		-	-	31-10-2026	2.11	CARE BBB-; Negative
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.70	CARE A3

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	2.11	CARE BBB-; Negative	-	1)CARE BBB; Negative (11-Nov-24)	1)CARE BBB; Stable (29-Dec-23) 2)CARE BBB; Stable (06-Apr-23)	1)CARE BBB; Stable (16-Sep-22)
2	Fund-based - LT-Cash Credit	LT	45.00	CARE BBB-; Negative	-	1)CARE BBB; Negative (11-Nov-24)	1)CARE BBB; Stable (29-Dec-23) 2)CARE BBB; Stable (06-Apr-23)	1)CARE BBB; Stable (16-Sep-22)
3	Non-fund-based - ST-Credit Exposure Limit	ST	0.70	CARE A3	-	1)CARE A3 (11-Nov-24)	1)CARE A3+ (29-Dec-23) 2)CARE A3+ (06-Apr-23)	1)CARE A3+ (16-Sep-22)

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	Non-fund-based - ST-Credit Exposure Limit	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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