

September 25, 2025

Transpek Industry Limited: Ratings reaffirmed for bank facilities; rating assigned for fixed deposit programme; Issuer Rating reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based – Cash credit	85.00	85.00	[ICRA]A+ (Stable); reaffirmed
Long-term fund based – Term loan	46.80	-	-
Short term - Fund based – Others	23.50	23.50	[ICRA]A1; reaffirmed
Short term - Non-fund based – Others	79.46	76.56	[ICRA]A1; reaffirmed
Fixed Deposits	-	30.00	[ICRA]A+ (Stable); assigned
Issuer Rating	-	-	[ICRA]A+ (Stable); reaffirmed and withdrawn
Total	234.76	215.06	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation considers Transpek Industries Limited's (TIL) established position in manufacturing acid and alkyl chlorides in India, a reputed client base and a healthy financial risk profile, backed by a long-term supply contract with a global chemical major. The ratings factor in the diversified end-user industry applications across the polymer, pharma, flavour & fragrance segments along with the use of the products in manufacturing various specialty chemicals, which partly mitigates the risk of cyclical in the end-user industries.

TIL has been witnessing a healthy uptick in revenue since FY2019 after it entered into a long-term supply contract with a global chemical player for ten years. The revenue grew by 12% in FY2025 to Rs. 657.8 crore, driven by increased offtake in both the domestic and export markets. As a result, the operating margin improved to 16.8% in FY2025 vis-à-vis 15.2% in FY2024. ICRA expects a modest uptick in the volume driven from the export markets and additional volumes from the new molecules introduced over the past couple of years, as these are in final stages of trials before commercial production commences. Hence, the performance is expected to gradually improve with the increase in volumes from diverse set of products, thus supporting an overall improvement in the profitability and credit profile. However, ICRA notes that the company derives a major share of revenue from customers in the US. With the implementation of the 50% tariffs effective from August 27, 2025, the impact of the same will remain a key monitorable on the performance of TIL going forward. While there has been no impact of the tariffs so far, ICRA will continue to monitor the developments. ICRA also notes that DuPont is selling its Aramids business, which remains a key consumer of TIL's products under a long-term agreement. The business is being acquired by Arclin, a US-based chemicals company. The transfer of business is expected in H2 CY2026. Any impact on the terms of the offtake agreement for TIL will remain a key monitorable going forward.

The company's financial risk profile remains healthy, with no major capex undertaken over the last couple of years. Its reliance on debt has been limited, given the healthy cash generation since the last couple of years. The gearing was low at ~0.2x in FY2025, driven by low reliance on debt. The credit profile improved in FY2025 with the TD/OPBDITA at 0.8x in FY2025 from 1.3x in FY2024 and the interest coverage ratio at 9.4x in FY2025 against 6.2x in FY2024.

The ratings remain constrained by the high product and customer concentration risks as a major portion of the company's revenue is derived from a single customer and a couple of products are supplied to the same customer. The ratings are also constrained by the working capital-intensive operations, adverse changes in environmental regulations and the susceptibility

of its profitability to volatility in foreign exchange prices, mitigated to some extent by the natural hedge from raw material imports.

ICRA expects TIL's credit profile to remain stable, supported by steady offtake under the long-term offtake agreement and the company's progress in diversifying its product and customer base.

Key rating drivers and their description

Credit strengths

Established position with reputed clientele and diverse product portfolio - TIL is one of the established players in the chlorinated chemical business. It mainly manufactures acid and alkyl chlorides which find application in a wide range of sectors, such as polymers, pharma, agrochemicals, specialty chemicals and dyes. The polymer sector contributes to ~58%, followed by pharma and specialty chemicals. The company's products find their end use in defence application, dyes, active pharmaceuticals ingredients, firefighting clothing, high-end cars, electric vehicles (EV) and aircraft manufacturing. The company supplies its products to reputed players in the end-user industry.

Wide geographical presence - The company has a wide geographical presence across several countries, which include USA, Germany, China, South Korea, etc. Exports accounted for ~85% of the sales in FY2025 (~88% in FY2024). Of the total sales, USA accounted for ~65% in FY2025 while the European market was 16% in FY2025 vis-à-vis 12% in FY2024.

Healthy revenue visibility, driven by long-term contract with global chemical player; ramp-up of new molecules to aid growth - TIL's supplies acid chlorides to a major international chemical player under a long-term contract till CY2028 with take-or-pay liabilities for the offtaker, which provides revenue visibility for the company. TIL is also a leading acid chloride supplier globally and has a strong footprint in the export markets. As a result, it has been witnessing healthy revenue growth since FY2018. The revenues, however, had moderated in FY2024 in line with the headwinds faced by the global chemical industry but has regained some foothold in FY2025 with 12% revenue growth. Going forward, the revenue visibility remains healthy for TIL on the back of the offtake under the long-term contract and increased volume offtakes, as the company expands its presence in both the domestic and export markets outside of North America.

Strong leverage and coverage profile - The consolidated entity's capital structure and coverage indicators have remained healthy with no debt repayment obligations supported by increase in cash accruals. In FY2025, the gearing ratio, marked by total debt/net worth (including lease liabilities and net worth adjusted for revaluation of equity holdings), improved to 0.2x from 0.3x in FY2024. The interest coverage ratio and DSCR stood at 9.4x and 2.0x, respectively, in FY2025 compared to 6.2x and 2.2x, respectively, in FY2024. The total debt/OPBITDA was at 0.8 x as on March 31, 2025, compared to 1.3x as on March 31, 2024. With no major debt-funded capex plans in the medium term, the deleveraging trend is expected to continue as the company increases its scale.

Credit challenges

High customer and product concentration risks – TIL faces high product and customer concentration risks as a major portion of the revenue is derived from a single customer and a couple of products are supplied to the same USA-based customer. The risk is partly mitigated by the presence of a take-or-pay clause in the offtake agreement. ICRA notes that the company derives a major share of revenue from the customers in the USA. With the implementation of the 50% tariffs effective from August 27, 2025, the impact of the same will remain a key monitorable on the performance of TIL going forward. While there has been no impact of the tariffs so far, ICRA will continue to monitor the developments. ICRA also notes that DuPont is selling its Aramids business, which remains a key consumer of TIL's products under a long-term agreement. The business is being acquired by Arclin, a USA-based chemicals company. The transfer of business is expected in H2 CY2026. Any impact on the terms of the offtake agreement for TIL will remain a key monitorable going forward.

Working capital-intensive operations – TIL’s operations remain moderately working capital intensive, characterised by receivable days of ~60 and inventory days of 50-60, partly funded by the credit period offered by the company’s suppliers. The company manages its cash flow by discounting the export bills.

Liquidity position - Adequate

TIL’s liquidity remains adequate, given the expected net cash accruals of Rs. 75-90 crore per annum on an ongoing basis, free cash/bank balance of ~Rs. 101 crore as on March 31, 2025, with modest repayments for fixed deposits, lease liability payment and modest capex plans. The company’s fund-based limit utilisation vis-à-vis sanctioned limits remained unutilised for the last 12 months ending April 2025, thus enabling the company to meet any short-term cash flow mismatches.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a significant scale-up in its revenues and profitability on a sustained basis while maintaining a healthy financial risk profile.

Negative factors – The ratings could be revised downwards if any adverse impact on the company’s revenue/profitability moderates the leverage and coverage metrics on a sustained basis. Further, any debt-funded large capex and/or acquisition impacting the credit metrics can trigger a downward rating revision.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals Policy on Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has used the consolidated financials of TIL (list of entities consolidated for the financial results is given in Annexure-II)

About the company

TIL is based out of Vadodara (Gujarat) and was incorporated in 1965 and promoted by the Shroff family. The company’s plant is at Ekalbara, near Vadodara, which manufactures and exports chemicals, mainly acid and alkyl chlorides which find its application in various industries like polymers, pharma, and specialty chemicals, among others. The promoters have ~57% stake as on June 30, 2025. The company is listed on the Bombay Stock Exchange (BSE) and will be listed on the National Stock Exchange (NSE) as well.

Key financial indicators

TIL - Consolidated	FY2024	FY2025	Q1FY2026*
Operating income	586.7	657.8	154.2
PAT	38.4	48.5	15.6
OPBDIT/OI	15.2%	16.8%	15.6%
PAT/OI	6.6%	7.4%	10.1%
Total outside liabilities/Tangible net worth (times)	0.7	0.5	-
Total debt/OPBDIT (times)	1.3	0.8	-
Interest coverage (times)	6.2	9.4	14.5

Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current year (FY2026)		Chronology of rating history for the past 3 years						
		Amount rated (Rs Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	85.00	Sep 25, 2025	[ICRA]A+ (Stable)	Aug 05, 2024	[ICRA]A+ (Stable)	Jun 06, 2023	[ICRA]A+ (Stable)	-	-
Term Loan	Long term	-	-	-	Aug 05, 2024	[ICRA]A+ (Stable)	Jun 06, 2023	[ICRA]A+ (Stable)	-	-
Fund based limits	Short term	23.50	Sep 25, 2025	[ICRA]A1	Aug 05, 2024	[ICRA]A1	Jun 06, 2023	[ICRA]A1	-	-
Non-fund based limits	Short term	76.56	Sep 25, 2025	[ICRA]A1	Aug 05, 2024	[ICRA]A1	Jun 06, 2023	[ICRA]A1	-	-
Fixed Deposits	Long term	30.00	Sep 25, 2025	[ICRA]A+ (Stable)	-	-	-	-	-	-
Issuer Rating	Long term	-	Sep 25, 2025	[ICRA]A+ (Stable); withdrawn	Aug 05, 2024	[ICRA]A+ (Stable)	Jun 06, 2023	[ICRA]A+ (Stable)	-	-
					-	-	Apr 24, 2023	[ICRA]A+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based – Cash Credit	Simple
Short term - Fund based – Others	Simple
Short term - Non-fund based – Others	Very Simple
Fixed Deposits	Very Simple
Issuer Rating	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	85.00	[ICRA]A+ (Stable)
NA	Fund based limits	NA	NA	NA	23.50	[ICRA]A1
NA	Non-fund based limits	NA	NA	NA	76.56	[ICRA]A1
NA	Fixed Deposits	NA	NA	NA	30.00	[ICRA]A+ (Stable)
NA	Issuer Rating	NA	NA	NA	-	[ICRA]A+ (Stable); reaffirmed and withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	TIL's Ownership	Consolidation Approach
Transpek Creative Chemistry Private Limited	100.00%	Full Consolidation

Source: VRC; ICRA Research

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