

February 17, 2026

Color Chemicals: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Cash Credit	11.00	11.00	[ICRA]BBB+(Stable); reaffirmed
Total	11.00	11.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation factors in the benefits derived by Color Chemicals (CC) as part of the Pure Group, which has an established presence in the trading and distribution of chemicals with operations spanning the entire country, a wide product portfolio, a diversified customer base and established relationships with suppliers. CC mainly trades in and distributes textile chemicals in the key markets of Erode and Tirupur in Tamil Nadu. It is the largest distributor of textile chemicals for a leading speciality chemical manufacturing company. ICRA also notes the firm's standalone healthy profitability owing to the specialised nature of its traded products.

However, the rating remains constrained by the small size of the firm's operations and the high working capital intensity of the business. Further, CC caters to a fragmented market, and its operations remain exposed to demand from the textile dyeing industry, which is susceptible to market volatility and regulatory risks. Although this industry concentration is expected to weaken the operating margins in FY2026, the overall credit profile is likely to be in line with the rating category. ICRA, however, notes the steps being taken by the Pure Group to diversify the end-customer base for specialised products, which may mitigate the risk to some extent. Being a partnership firm, any sizeable withdrawals from the partner's capital would adversely impact the capital structure and remains a rating sensitivity.

The Stable outlook on the rating reflects ICRA's expectation that CC would sustain its operating metrics with a growth in revenue and margins.

Key rating drivers and their description

Credit strengths

Part of Pure Group – CC is a part of the Pure Group of companies, which has an established track record of more than two decades in chemical trading and distribution across India, offering it an advantage in the competitive industry.

Established presence in speciality textile chemical trading – The firm has an extensive track record and established presence in the trading and distribution of speciality chemicals, with a major market share in Tirupur and Erode. CC is the distributor of textile chemicals for a leading speciality chemical manufacturer in this region, with whom it enjoys an established relationship, providing stability to the business.

Healthy profit margin and capital structure – CC enjoys healthy profit margins due to the specialised nature of its traded chemicals and witnessed improvement in the last few years. The margins of the standalone entity have been in the range of 9.6–11.8% over the past four years; however, it is expected to decline in FY2026 with the weaker textile industry. The year-end working capital debt was lower in FY2025 than in FY2024 and FY2023, which improved the coverage indicators.

Credit challenges

Small scale of operations – The firm’s operations, only limited to Tirupur and Erode, are small in scale. However, being a part of the Pure Group of companies, with an established track record of more than two decades in chemical trading and distribution across India, the impact is mitigated to some extent.

Susceptible to market and regulatory volatility risks associated with textile industry – The firm mainly caters to the textile industry, which is exposed to market volatility and regulatory risks. There were instances of disruptions in the regional industry due to increased environmental scrutiny. However, ICRA notes the steps being taken by the Group to diversify the end-customer base for specialised products, which may mitigate the risk to some extent.

High working capital intensity – The firm’s operations are characterised by high working capital intensity owing to the higher debtors.

Risk of capital continuity due to partnership nature of firm – Being a partnership firm, any sizeable withdrawals from the capital account by the partners would adversely impact its capital structure.

Liquidity position: Adequate

The liquidity position is adequate with cushion in working capital limits. The average working capital utilisation was around 79% of the sanctioned working capital limits in the last 12 months ended October 2025, which provides cushion to the liquidity. The company does not have any major repayment obligations or any major capex plans in the medium term. ICRA also expects support from the Pure Group, should the need arise in case of any liquidity pressure.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a sustained improvement in the operating profitability and working capital intensity of CC, or if the credit profile of the Group strengthens.

Negative factors– Pressure on the rating could arise if the PPC Group and/or CC demonstrates a sustained decline in revenue and margin, or if a higher-than-expected capex or a stretch in the working capital intensity weakens its liquidity profile. A specific credit metric for a downgrade would be CC’s TOL/TNW remaining higher than 2.0 times on a sustained basis. Any sizeable withdrawal from CC’s capital account by the partners, having an adverse impact on the capital structure, would also affect the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	<p>Group: Pure Group of companies, comprising Pon Pure Chemical India Private Limited (rated [ICRA]A-(Stable)/[ICRA]A2+), and its five subsidiaries—Pon Pure Chem FZE, Pure Chemicals Pte Ltd., Pon Pure Specialty Chemical Pvt. Limited, Pon Pure Renewable Energy Private Limited, Pon Pure Chemical Bangladesh Pvt. Ltd., Pure Chemicals Co. (rated [ICRA]BBB+(Stable)/[ICRA]A2), and Color Chemicals (rated [ICRA]BBB+ (Stable)).</p> <p>The rating factors in the benefits of being a part of the Pure Group of companies and the potential financial support from the Group, should the need arise.</p>
Consolidation/Standalone	The rating is based on the standalone financial statements of the firm.

About the company

Color Chemicals (CC), incorporated in 1988, is a partnership firm, which trades in and distributes textile chemicals and dyes. The firm is a part of the Pure Group, which trades in chemicals. CC is also the distributor for a leading speciality chemical manufacturer. It operates for customers in Tirupur and Erode, and handles more than 200 chemicals, servicing about 500 units in Tirupur. CC's chemicals are used in various stages of textile manufacturing, such as sizing, pre-treatment, dyeing, printing and finishing. The firm's partners are Mr. M Ponnuswami and family.

Key financial indicators (audited)

CC Standalone	FY2024	FY2025
Operating income	53.1	57.0
PAT	3.3	3.5
OPBDIT/OI	11.8%	11.3%
PAT/OI	6.3%	6.1%
Total outside liabilities/Tangible net worth (times)	0.8	0.7
Total debt/OPBDIT (times)	1.9	1.6
Interest coverage (times)	6.1	6.8

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
			February 17, 2026	January 21, 2025	Oct 09, 2023	Dec 30, 2022	
1	Cash credit	Long term	11.0	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Positive)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash credit	Simple

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	11.0	[ICRA]BBB+(Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

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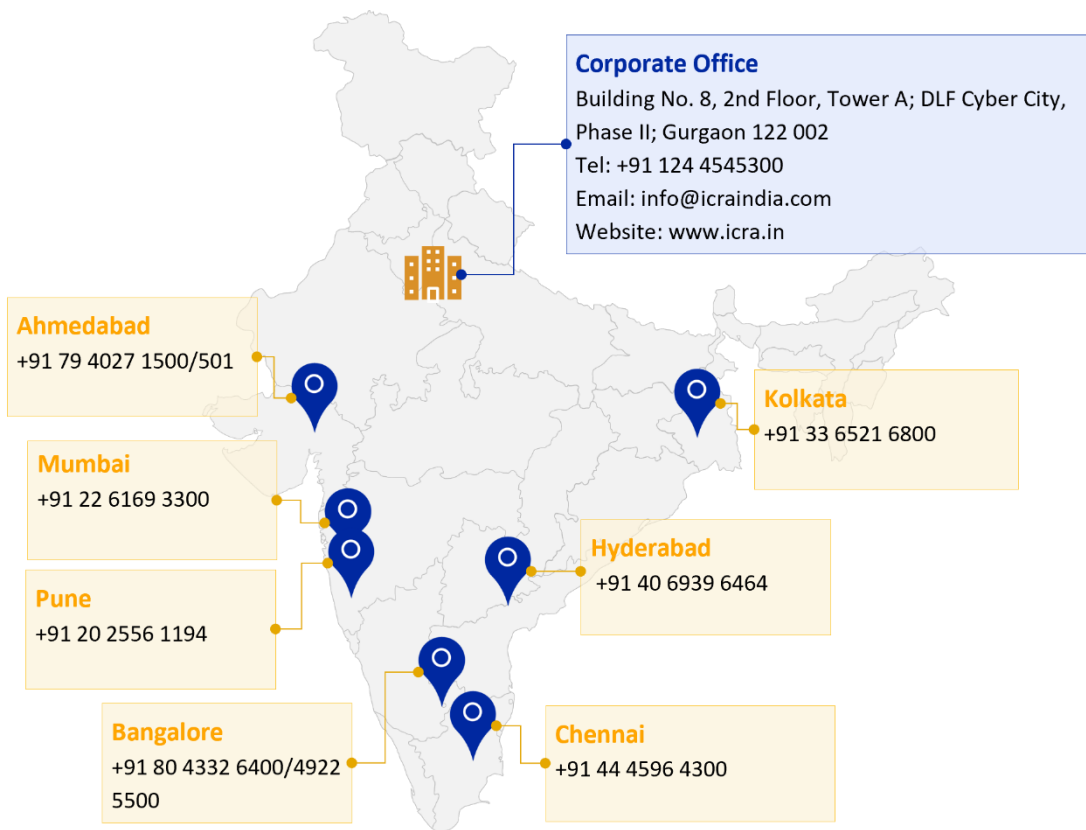
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