

March 09, 2026

Ganesh Polychem Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|-----------------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Long term– Fund based | 45.00 | 45.00 | [ICRA]A+ (Stable); reaffirmed |
| Short term- Non-fund based | 6.60 | 6.60 | [ICRA]A1; reaffirmed |
| Fund based interchangeable limits | (25.00) | (25.00) | [ICRA]A1; reaffirmed |
| Total | 51.60 | 51.60 | |

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation factors in Ganesh Polychem Limited's (GPL) strong credit profile, characterised by low leverage and comfortable coverage indicators, notwithstanding a moderation in the operating performance through FY2025 and 9M FY2026. GPL's business profile benefits from its established presence in dichloro diphenyl sulphone (DCDPS)/diaminodiphenyl sulfone (DADPS), a demonstrated process know-how (including a patented route for DCDPS currently being implemented), the sticky relationships with large customers such as BASF and Solvay and the entry barriers created by long qualification cycles in the end-user segments such as aerospace. While the revenue moderated in FY2025 and 9M FY2026 due to weaker realisations, subdued demand and the transitional effects from the DCDPS process change, ICRA notes that the capital structure remains conservative with a modest interest outgo, supporting the company's liquidity. ICRA also notes the parentage of Aarti Pharmalabs Limited (APL), which will be willing to extend any financial support to GPL, if the need arises. The credit metrics are expected to remain strong, going forward, aided by operating efficiencies as the patented DCDPS process stabilises and the additional ~400-tonne DCDPS capacity is commissioned (expected by May 2026). The DADPS capacity is expected to ramp up from ~70 tonnes/month to ~120 tonnes/month by July-August 2026, and the shift of DMS/DMA manufacturing to Tarapur (from the ageing, regulatory-constrained Dombivli unit) is expected to support higher volumes and better compliance.

The ratings, however, are constrained by GPL's modest scale of operations, the moderately high working capital intensity of operations, high customer concentration risks with significant reliance on a single client and limited product diversification with its top four products driving ~85% of its revenues. Further, entities operating in the chemical industry and dealing with hazardous products including GPL remain vulnerable to increased regulatory scrutiny from pollution control norms. Moreover, the volumes remain vulnerable to the ongoing tepid demand scenario in the global markets as majority of the revenue is derived from exports. The demand is expected to recover from CY2026 with the full benefits likely to be realised in FY2027 as the capacities stabilise and aerospace-grade qualifications translate into commercial offtake.

The Stable outlook on the long-term rating reflects ICRA's opinion that GPL will continue to maintain a steady credit profile by generating healthy cash flows, benefiting from the respective expertise of its joint venture partners, established relationship with reputed customers and a strong product profile

Key rating drivers and their description

Credit strengths

Benefits of parentage of Aarti Pharmalabs Limited – ICRA notes the parentage of APL, which will be willing to extend financial support to GPL, if the need arises. Moreover, APL's credit profile remains healthy, driven by a consistent growth in operating income, healthy operating margins and strong coverage metrics.

Healthy margins supported by complex polymer intermediates, though tempered in 9M FY2026 by weaker realisations, soft demand and the DCDPS process transition - GPL's profit margins remained supported by the higher share of revenues from

complex polymer intermediates; however, the margins moderated in 9M FY2026 owing to weaker realisations, subdued demand and the temporary impact of the DCDPS process transition. While the specialised product mix continues to lend inherent margin strength, the profitability during these periods reflected the shutdown-related cost absorption and lower operating leverage. The margins are expected to normalise as the capacities stabilise and the demand improves.

Conservative capital structure and robust coverage indicators - GPL's capital structure remains conservative, supported by the limited reliance on external borrowings and a healthy tangible net worth base. The total debt reduced in FY2025 over FY2024, reflecting lower working capital borrowings post the process transition phase; the borrowings at 9M FY2026 also remained modest relative to the net worth, keeping the leverage low. The interest outgo continued to be limited, and the coverage indicators remained comfortable despite the moderation in profitability through 9M FY2026. The ongoing capex is largely being funded through internal accruals, which should help maintain a comfortable capital structure and coverage metrics, going forward.

Strong entry barriers and GPL's established presence in the market - Complex polymers find application in engineering plastic, which is further used in the aerospace and automobile industries. As any change in the formulation can adversely impact the performance of the product, the approval process to supply these polymers is a lengthy one, acting as an entry barrier for other manufacturers operating in this space. The company's established market presence in the global polymer intermediate business acts as an entry barrier for the other players.

Credit challenges

Moderately high working capital-intensive operations - The working capital intensity, as reflected in the net working capital intensity/operating income (NWC/OI), has remained moderately high for the company due to higher inventory levels following the planned DCDPS process transition and the associated shutdown period. While the inventory moderated from the unusually high levels seen in FY2025, the overall NWC/OI continued to be on the higher side through FY2026, reflecting the operating cycle requirements of the specialty intermediates business. Nevertheless, the utilisation of fund-based limits remained moderate, supported by a healthy net worth base and internal accruals.

High customer concentration risk - GPL derives 46% of its revenues from the BASF Group, resulting in high customer concentration risk. However, its association with the Group as one of its preferred suppliers over the years mitigates this risk to an extent.

Concentrated product portfolio - GPL's product profile has remained concentrated with its top four products accounting for more than ~85% of its revenues. Although the share of its top four products has reduced over the last two years due to the trading of other products and sales of steam from the co-generation plant, these products remain GPL's key revenue drivers. The company's strong presence in the domestic and global markets provides comfort.

Liquidity position: Adequate

The liquidity position of the company is adequate with healthy cash accruals and no significant term loan repayments over the medium term. GPL had no term loan on its books as on December 31, 2025. The company's reliance on working capital borrowings has remained limited in the last 12 months. The ongoing capex is largely being funded through internal accruals and the available cash balances, and thus the liquidity will continue to be comfortable amid the healthy cash flow generation.

Rating sensitivities

Positive factors – A material rise in revenues and a sustained improvement in the working capital intensity will support an upgrade. The ratings may also be upgraded if APL's healthy credit profile sustains/improves.

Negative factors – Pressure on GPL's ratings could arise if there is a substantial decline in revenues and operating margins. Moreover, any deterioration in the credit profile of APL, or weakening of linkages and financial support from APL, can exert pressure on the ratings.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Chemicals Corporate Credit Rating Methodology |
| Parent/group Support | Parent Company ? Aarti Pharmalabs Limited. The rating assigned to GPL factors in the willingness of APL to extend financial support to the company, as demonstrated in the past. ICRA believes that APL will continue to extend financial support to GPL, as and when the need arises |
| Consolidation/standalone | Standalone |

About the company

GPL is a joint venture between AIL and the Bandodkar (BanChem) Group. AIL provides financial and operational support, while the Bandodkar Group provides technical expertise in developing complex polymer intermediates. In March 2016, AIL increased its ownership to 50.24% from 50%, thus gaining a controlling stake. In March 2021, AIL reduced its stake to 50% after the conversion of compulsory convertible debentures (CCDs) issued to the Bandodkar Group into equity and GPL ceased to be a subsidiary of AIL.

The NCLT approved the demerger of Aarti Industries into two companies — Aarti Industries and Aarti Pharmalabs Limited. Some portions of the investments have also been transferred to Aarti Pharma and the investment in Ganesh Polychem Limited will be a part of such transfer.

GPL has two plants, one at Vapi (Gujarat) and the other at Dombivali (Maharashtra). The company is one of India's largest manufacturers of DCDP, which is a complex polymer intermediate used in the aerospace industry, aircraft and hybrid car segments. GPL also produces di-amino di-phenyl sulfone (DADPS), di-methyl aniline (DMA) and di-methyl sulphate (DMS).

Key financial indicators (audited)

| Ganesh Polychem Limited (Standalone) | FY2024 | FY2025 | 9MFY2026* |
|--|--------|--------|-----------|
| Operating income | 338.77 | 289.24 | 197.64 |
| PAT | 48.00 | 42.46 | 6.23 |
| OPBDITA/OI | 22.57% | 23.98% | 7.62% |
| PAT/OI | 14.17% | 14.68% | 3.15% |
| Total outside liabilities/Tangible net worth (times) | 0.27 | 0.14 | 0.22 |
| Total debt/OPBDITA (times) | 0.35 | 0.05 | 0.92 |
| Interest coverage (times) | 67.22 | 55.79 | 12.05 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; based on provisional results
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

| Current (FY2026) | | | Chronology of rating history for the past 3 years | | | | | | |
|--------------------------------------|------------|--------------------------|---|--------------|-------------------|--------------|-------------------|--------------|--------------------|
| FY2026 | | | FY2025 | | FY2024 | | FY2023 | | |
| Instrument | Type | Amount rated (Rs. crore) | Mar 09, 2026 | Date | Rating | Date | Rating | Date | Rating |
| Cash credit | Long term | 45.00 | [ICRA]A+ (Stable) | Dec 31, 2024 | [ICRA]A+ (Stable) | Sep 01, 2023 | [ICRA]A+ (Stable) | Sep 13, 2022 | [ICRA]AA- (Stable) |
| Letter of credit | Short term | 3.00 | [ICRA]A1 | Dec 31, 2024 | [ICRA]A1 | Sep 01, 2023 | [ICRA]A1 | Sep 13, 2022 | [ICRA]A1+ |
| Bank guarantee | Short term | 3.00 | [ICRA]A1 | Dec 31, 2024 | [ICRA]A1 | Sep 01, 2023 | [ICRA]A1 | Sep 13, 2022 | [ICRA]A1+ |
| Packing credit/Post-shipment credit* | Short term | (25.00) | [ICRA]A1 | Dec 31, 2024 | [ICRA]A1 | Sep 01, 2023 | [ICRA]A1 | Sep 13, 2022 | [ICRA]A1+ |
| Forward contracts | Short term | 0.60 | [ICRA]A1 | Dec 31, 2024 | [ICRA]A1 | Sep 01, 2023 | [ICRA]A1 | Sep 13, 2022 | [ICRA]A1+ |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|-------------------------------------|----------------------|
| Cash credit | Simple |
| Letter of credit | Simple |
| Bank guarantee | Simple |
| Packing credit/Post-shipment credit | Simple |
| Forward contracts | 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 | - | - | - | 45.00 | [ICRA]A+ (Stable) |
| NA | Letter of credit | - | - | - | 3.00 | [ICRA]A1 |
| NA | Bank guarantee | - | - | - | 3.00 | [ICRA]A1 |
| NA | Packing credit/post-shipment credit * | - | - | - | (25.00) | [ICRA]A1 |
| NA | Forward contract | - | - | - | 0.60 | [ICRA]A1 |

Source: Company; *Sublimit of cash credit

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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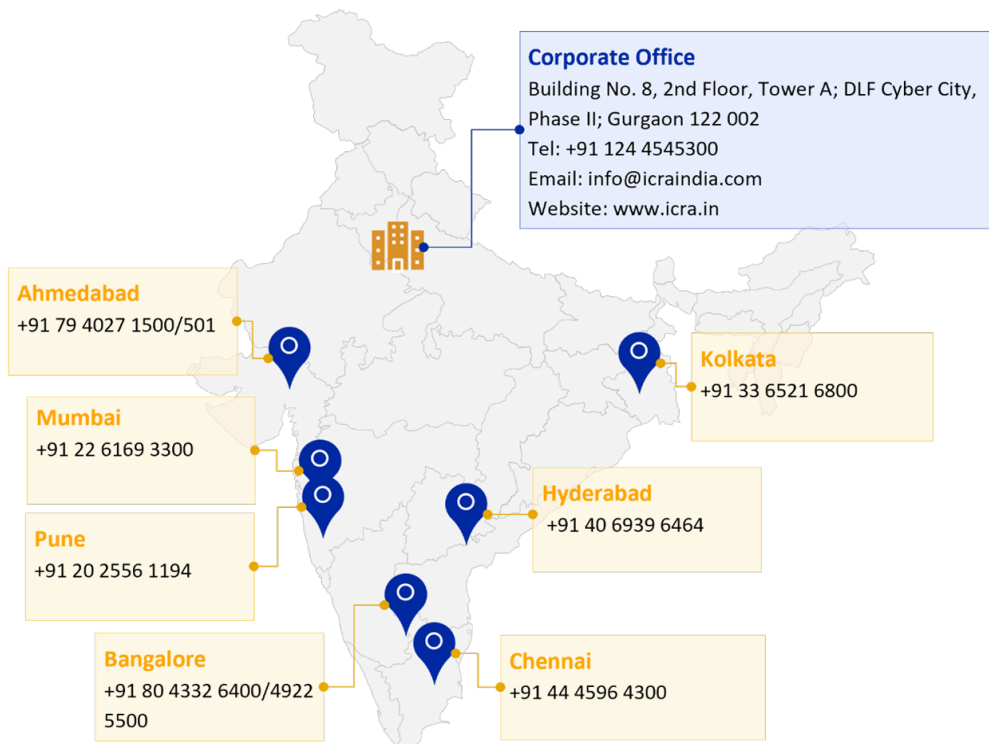


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