

June 29, 2026

## Industrial Solvents & Chemicals Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Fund based - Cash credit	145.00	155.00	[ICRA]A+ (Stable)/ [ICRA]A1; reaffirmed
Short term – Non-fund based - Others	145.00	135.00	[ICRA]A1; reaffirmed
<b>Total</b>	<b>290.00</b>	<b>290.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The reaffirmation of the ratings factors in Industrial Solvents & Chemicals Private Limited's (ISCPL/the company) established position in the sulphur-based chemical segment, supported by its diversified multi-product manufacturing facility, a long operating track record and well-entrenched relationships with a diversified customer base across the domestic and export markets. The company benefits from high entry barriers in its product segments owing to the hazardous nature of operations, stringent regulatory requirements and logistical complexities, which limit new competition and support its market positioning. The operational flexibility to shift across end-use industries and product segments also provides some resilience to demand fluctuations for a particular product.

The financial risk profile remains comfortable, characterised by adequate coverage metrics and moderate leverage, despite a moderation in profitability in FY2026. While the operating income grew 13.6% YoY in FY2026, there was a considerable decline in the operating margins to 7.05% in FY2026 from 14.2% in FY2025 mainly due to subdued realisations for its key specialty chemicals – dimethyl sulphate (DMS) and diethyl sulphate (DES) – amid a continued slowdown in the export markets and competitive pricing.

The company has benefited from an unprecedented increase in sulphur and sulphuric acid prices amid the ongoing West Asia conflict. While the benefits have continued into early FY2027, the profitability remains exposed to price volatility and long-term demand-supply balance. Further, the ability of the company to pass on the increase in prices and the impact of the higher prices on volumes across key end-user segments remains a key monitorable. The capital structure remains prudent with limited reliance on long-term debt, while the liquidity is supported by internal accruals and disciplined capital allocation.

However, the ratings remain constrained by the inherent volatility in profitability arising from sharp fluctuations in raw material prices, particularly sulphur and other key inputs, along with the exposure to movements in realisations. The company's pricing mechanism, while largely formula-linked, involves a lag in pass-through, which exposes the margins to timing differences, leading to periods of inventory gains or losses depending on price cycles. The pronounced volatility witnessed in FY2026, where the profitability was significantly influenced by inventory-led gains in a rising price environment, highlights this sensitivity.

Further, the company remains exposed to the cyclicity in the chemical industry, with demand particularly vulnerable to the trends in export markets such as Europe, which witnessed moderation in FY2026. The business is also exposed to regulatory risks, given the hazardous nature of products, including the potential tightening of environmental and safety norms, which could impact the operations or necessitate additional compliance-related investments.

Going forward, the company's ability to sustain its operating performance amid volatile input prices, maintain stable working capital levels, and improve its share of higher-margin specialty applications while scaling up the export demand will remain the key rating sensitivities.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that ISCPL's financial performance will continue to benefit from its established position in the DMS and DES segments, which coupled with the moderate capex plans should support its credit profile in the medium term.

## Key rating drivers and their description

### Credit strengths

**Established track record of promoters in chemical manufacturing business; one of the largest global DES and DMS manufacturers** – ISCPL was incorporated in 1959 by Mr. Pravin R. Shah and family. The company manufactures various organic and inorganic chemicals such as DMS, DES, alkylated anilines, sulphuric acid and others. It has built strong in-house technical capabilities, providing competitive advantage over other players. ISCPL enjoys a dominant share in the DMS and DES markets, both domestic and global.

**High entry barriers through large capital requirements and highly hazardous nature of products** – The company faces limited competition from new entrants due to the high capex required to set up the manufacturing facility. Moreover, the products are hazardous in nature and require excessive caution for production, handling and storage, thus adding to the entry barriers.

**Diversified customer base** – The company's customers in the export market mainly include surfactant manufacturers, while domestic customers are primarily players in dyes, pigments and the pharmaceutical sector. ISCPL's customer base is highly diversified with the top five export and domestic customers each accounting for 15-30% of the total sales.

**Healthy financial risk profile** – The company continues to maintain a healthy financial risk profile, supported by moderate leverage and adequate coverage indicators, despite a moderation in profitability in FY2026. As per the provisional FY2026 numbers, the total debt stood at around Rs. 77 crore, with TD/TNW at ~0.29 times and TD/OPBDITA at ~1.13 times, reflecting a prudent capital structure. The coverage metrics remained comfortable, with the interest coverage at ~11.7 times, supported by stable operating profits and moderate finance costs. The financial profile is further supported by steady cash accruals and the absence of long-term debt, providing adequate financial flexibility, with improvement expected FY2027 onwards, in line with the recovery in profitability and cash flows.

### Credit challenges

**Profitability exposed to volatility in raw material prices and other input costs** – The company's profitability remains exposed to the volatility in raw material prices and other input costs, particularly sulphur, aniline and freight expenses, which constitute a significant portion of the overall cost structure. Although the company follows a formula-based pricing mechanism with periodic revisions, the inherent lag in pass-through leads to timing mismatches between procurement costs and selling prices, resulting in margin volatility across price cycles.

**Operations susceptible to cyclicity in end-user industries** – The chemical industry is closely linked to the overall pace of industrial activity and economic growth. ISCPL's operations are, therefore, exposed to the cyclical peaks and troughs in the end-user industries, which include textiles, surfactants, agrochemicals and personal care products.

**Increasing risk of regulatory tightening** – The company's operations remain exposed to the risk of regulatory tightening, given the hazardous nature of its products and processes, which require adherence to stringent environmental, safety and handling norms. Any further tightening of regulations, including stricter emission standards, storage requirements or transportation guidelines, could increase the compliance costs and necessitate additional capex, thereby impacting the profitability and operations.

### Liquidity position: Adequate

ISCPL's liquidity profile is expected to remain adequate, supported by healthy internal accruals and moderate maintenance capex requirement, with no scheduled long-term debt repayments. While the company's liquidity cushion has moderated over

the years due to consistent shareholder payouts, the management has indicated a shift away from buybacks towards dividend distributions, which provides better visibility on cash outflows. The company continues to benefit from the access to working capital limits and its ability to generate steady cash flows. However, the liquidity position remains sensitive to the volatility in profitability and working capital intensity, particularly during periods of elevated raw material prices. The company had ~Rs. 6.75 crore of unencumbered cash balance as on March 31, 2026 (provisional). Further, the average utilisation of the fund-based working capital limits was ~53% of the total sanctioned limits for the last 12 months ended March 31, 2026, indicating adequate buffer to accommodate higher working capital requirements.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded if the company demonstrates a sustained growth in its operating income and profits while maintaining healthy capitalisation and coverage metrics along with a healthy liquidity position.

**Negative factors** – Pressure on the ratings could arise if there is a sustained decline in the scale of operations and profits. Further, any stretch in the working capital cycle, or a large debt-funded capex, exerting pressure on the liquidity position may trigger a downgrade. A specific trigger for downgrade includes TD/OPBDITA of more than 1.5 times on a sustained basis. Further, continued share buybacks and dividend payouts resulting in further reduction of the net worth and limiting the recovery or a further weakening of the liquidity profile would weigh on the ratings.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Chemicals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

## About the company

ISCP, incorporated by Mr. Pravin R. Shah and family in 1959, began operations by trading in chemicals and pharmaceuticals. Subsequently, the company ventured into manufacturing various organic and inorganic chemicals, such as DMS, DES, alkylated anilines, sulphuric acid and ether. Its manufacturing facility is at Ankleshwar, Gujarat. The company has a subsidiary (51% ownership), ISC Chemspec LLP, which was planning to set up a greenfield project at Dahej in Gujarat but the project has now been dropped.

## Key financial indicators (audited)

ISCP	FY2024	FY2025
Operating income	717.45	858.21
Total outside liabilities/Tangible net worth (times)	0.80	0.89
Total debt/OPBDIT (times)	0.86	0.58
Interest coverage (times)	12.98	19.39

Source: Company, ICRA Research; 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	Current (FY2027)	Chronology of rating history for the past 3 years
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	Type	Amount rated (Rs. crore)	June 29, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund based - Cash credit</b>	Long term and short term	155.00	[ICRA]A+(Stable) / [ICRA]A1	Apr 03, 2025	[ICRA]A+(Stable) / [ICRA]A1	-	-	Mar-12-24	[ICRA]A+(Stable)/ [ICRA]A1
<b>Non-fund based - Others</b>	Short term	135.00	[ICRA]A1	Apr 03, 2025	[ICRA]A1	-	-	Mar-12-24	[ICRA]A1

#### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI

Sr. No.	Activity Name	FSR
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI’s grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Fund based - Cash credit	Simple
Short term – Non-fund based - Others	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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	<b>Fund based - Cash credit</b>	NA	NA	NA	155.0	[ICRA]A+ (Stable)/ [ICRA]A1
-	<b>Non-fund based - Others</b>	NA	NA	NA	135.0	[ICRA]A1

Source: Company

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

**Annexure III: List of entities considered for consolidated analysis – Not Applicable**

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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