July 28, 2026

Shree Sulphurics Pvt. Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term - Fund-based - Cash credit	7.50	7.50	[ICRA]BBB+(Stable); Reaffirmed	RBI
Short-term - Non-fund based - Others	0.20	0.20	[ICRA]A2; Reaffirmed	RBI
Long-term/short-term – Unallocated limits	0.30	0.30	[ICRA]BBB+(Stable) /[ICRA]A2; Reaffirmed	RBI
Total	**8.00**	**8.00**		

Instrument details are provided in Annexure I

 # 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 financial sector regulators other than SEBI.

Rationale

The reaffirmed ratings factor in the extensive experience of the promoters of Shree Sulphurics Private Limited (SSPL/the company) in the chemical industry. The ratings also consider the company's integrated manufacturing facility, which provides flexibility to recalibrate the product mix in line with prevailing market conditions. SSPL's ability to utilise by-products for manufacturing higher value-added derivatives supports its margin profile, while its ongoing shift towards higher-margin downstream products, backed by recent capacity expansions, has driven an improvement in scale and profitability. The ratings additionally consider SSPL's healthy financial risk profile, characterised by a comfortable capital structure and strong coverage indicators, supported by improved profitability. The current elevated sulphur prices have resulted in increased working capital requirements, leading to a moderation in the liquidity cushion that was previously supported by the availability of sizeable unencumbered fixed deposits. However, given the company's access to lower-priced sulphur inventory in Q1 FY2027, SSPL is expected to report healthy profitability during the quarter. The company has also been able to pass on the increase in sulphur prices to customers and has pivoted towards the production of value-added products, while rationalising the production of lower value-added products to keep sulphur requirements under check. The trajectory of sulphur prices, the company's ability to pass on elevated input costs to customers, maintain stable profitability and ensure adequate liquidity will remain key monitorables.

The ratings are constrained by the company's exposure to raw material price volatility, particularly sulphur, and cyclical pricing of end products, especially in the commodity segments. Profitability remains sensitive to fluctuations in input costs and product realisations. The ratings also factor in the company's elevated working capital intensity, driven by inventory requirements and its procurement structure. In addition, SSPL operates in a fragmented and competitive industry, with both domestic and international players, although this is partially mitigated by its customer relationships and product quality. The company is also exposed to environmental and regulatory risks inherent in its operations.

The Stable outlook on the long-term rating reflects ICRA's opinion that SSPL will continue to benefit from its established operational track record and the management's experience in the chemicals segment. The outlook also factors in the expectation that the company will continue to benefit from recent capacity additions and its shift towards higher-margin products, supporting stable cash flow generation and the maintenance of its credit metrics over the medium term.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of management in chemical industry - SSPL, incorporated in October 1979, manufactures sulphur- and chlorine-based derivatives. Mr. Prakash Shah is a promoter and one of the key directors of the company. He holds a degree in B.A. (Business Administration) with around 35 years of experience in the chemical industry. Mr. Shah is one of the key management personnel overseeing the company's overall operations. Other key management personnel include Mr. Sharad Kumar Saxena, who has around four decades of experience in the chemical industry, and Mr. Rajesh Lodha, who has around 35 years of experience in the legal and banking sectors. Mr. Sureshkumar Bannatwala and Mr. Abhishek Shah, who have around 20 years and 10 years of experience, respectively, in the chemical industry, are also key to the functioning of the company.

Healthy credit profile, supported by improved profitability and strong coverage indicators- SSPL's financial risk profile remains healthy, supported by improved profitability, a comfortable capital structure and strong debt protection metrics. The company's operating income increased to around Rs. 242 crore in FY2026 from Rs. 124 crore in FY2025, while OPBDITA improved to around Rs. 31 crore in FY2026 (Provisional) from Rs. 16 crore in FY2025, supported by the higher scale of operations and the increased contribution from value-added downstream products. Despite an increase in total debt to around Rs. 51 crore in FY2026 (Provisional) from Rs. 32 crore in FY2025, owing to higher working capital borrowings and capex-related debt, leverage remained comfortable, with gearing at around 0.29 times and total debt/OPBDITA at 1.65 times as on March 31, 2026 (Provisional). The coverage indicators also remained strong, with an interest coverage of over 9.0x in FY2026. Going forward, the credit profile is expected to remain supported by healthy accrual generation, modest repayment obligations and limited planned debt-funded capex, although elevated working capital requirements, particularly due to high sulphur prices and the advance-payment procurement structure, will remain a key monitorable.

Integrated operations with flexible product mix; captive usage of by-products to manufacture value-additive products - SSPL's integrated manufacturing facility supports operational flexibility and enables the company to optimise its product mix in line with market conditions. The facility allows captive utilisation of by-products generated at different stages of the sulphur- and chlorine-based manufacturing process to produce allied and higher value-added products, including sulphuric acid, oleum, chlorosulphonic acid, thionyl chloride, sulphuryl chloride, sulphur dioxide, sodium sulphite/metabisulphite and acid chlorides. This integration provides the flexibility to shift production towards more profitable products, particularly during periods of raw material price volatility. In FY2026 and YTD FY2027, amid elevated sulphur prices, the company rationalised the production of lower-margin commodity products and increased its focus on value-added downstream products such as acid chlorides, thionyl chloride, sulphuryl chloride and sulphur dioxide. The recently expanded acid chloride capacity, which increased from around 150 MT/month to 350 MT/month, has supported improved realisations and profitability, thereby strengthening the company's operating profile.

Credit challenges

Moderately high working capital intensity, driven by inventory and procurement structure - SSPL's working capital intensity is moderately high, primarily driven by inventory requirements and the procurement terms for key raw materials. The company procures sulphur largely from Reliance Industries on an advance-payment basis, with limited supplier credit available, resulting in sizeable upfront funding requirements, especially during periods of elevated sulphur prices. Further, SSPL maintains inventory of imported raw materials to ensure continuity of operations, adding to its working capital requirements. Accordingly, NWC/OI remained elevated at around 44.7% in FY2025. In light of the current elevated sulphur prices and the company's largely advance-payment-based sulphur sourcing, the company has also increased the share of cash sales for select products to manage its working capital cycle. However, given the advance-payment procurement structure, inventory-holding requirements and volatility in sulphur prices, the working capital intensity is expected to remain moderately high and will remain a key monitorable for liquidity.

Exposure to sulphur and product price volatility, impacting margins - SSPL's profitability remains exposed to volatility in sulphur prices and product realisations, particularly for commodity sulphur-based products. During FY2026, the sharp increase in sulphur prices affected the economics of lower-margin products such as sulphuric acid, oleum, chlorosulphonic acid, sodium metabisulphite and sodium sulphite. The company mitigated the impact to an extent by recalibrating its product mix towards higher value-added products such as acid chlorides, thionyl chloride, sulphuryl chloride and sulphur dioxide. However, part of the profitability in FY2026 and Q1 FY2027 was supported by lower-cost sulphur inventory, and margins may moderate as these inventory gains normalise. The trajectory of sulphur prices, product realisations and the company's ability to sustain profitability through effective product mix management will remain key monitorables.

Stiff competition due to fragmented industry structure - The chemical industry remains highly fragmented, with the presence of several organised and unorganised domestic players, along with competition from international markets. Competitive intensity is higher in commodity products, where pricing flexibility is limited and margins remain susceptible to raw material price movements. However, SSPL's established customer relationships, product quality and integrated manufacturing operations mitigate this risk to an extent. The company's increasing focus on value-added products, where the manufacturing base is relatively limited, also supports its competitive position.

Regulatory risks inherent to chemical operations - SSPL's operations remain exposed to environmental, health and safety-related regulatory risks, given the nature of the chemicals manufactured by the company. The chemical industry is subject to stringent pollution control norms and compliance requirements, and any adverse regulatory action or unfavourable changes in environmental regulations could affect operations. The company's established operating track record and integrated manufacturing facility provide some comfort, although regulatory although regulatory risk remains inherent to the sector.

Liquidity position: Adequate

SSPL's liquidity is expected to remain adequate, supported by healthy internal accruals, which are sufficient to meet incremental working capital requirements, moderate capex and scheduled repayments of Rs. 2.5-3.6 crore per annum. The utilisation of fund-based working capital limits remains high at 80-90% of the sanctioned limits (Rs. 20 crore), indicating a moderate cushion in drawing power. Liquidity is, however, supported by fixed deposits of ~Rs. 10 crore, which are partly lien-marked against LC facilities, with the balance providing financial flexibility. The company also has access to fixed deposit-backed LC limits and overdraft facilities, providing additional support. Overall, liquidity remains adequate, although the elevated working capital intensity and high utilisation levels remain monitorable.

Rating sensitivities

Positive factors – The ratings may be upgraded if SSPL exhibits a material improvement in the scale of operations and profitability on a sustained basis while maintaining a healthy credit profile and liquidity position.

Negative factors – The ratings may be downgraded if there is a sustained moderation in the scale of operations and profitability. A large debt-funded capex, and/or a deterioration in the working capital cycle, weakening the credit metrics and liquidity position, may also trigger a downgrade. A quantitative trigger would be the interest coverage ratio falling below 4.0x on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemical
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated

About the company

Shree Sulphurics Private Limited (SSPL), incorporated in October 1979, is engaged in the manufacture of sulphur and chlorine-based derivatives. The company commenced operations with a basic product portfolio and has gradually expanded into value added derivatives, supported by its increasing technical expertise and operating experience. Its key products include sulphuric acid, oleum, thionyl chloride, chlorosulphonic acid, sulphuryl chloride and other allied sulphur/chlorine-based chemicals. The company has also recently commissioned capacity for manufacturing acid chlorides, further diversifying its product portfolio towards higher value-added products. SSPL operates its manufacturing facility at Ankleshwar, Gujarat, while its corporate office is in Ahmedabad, Gujarat. The company's operations remain primarily domestic, both in terms of product sales and raw material procurement.

Key financial indicators (audited)

Shree Sulphurics Pvt. Ltd. (Consolidated)	FY2024	FY2025
Operating income	96.02	123.80
PAT	1.70	3.86
OPBDIT/OI	7.77%	13.04%
PAT/OI	1.77%	3.12%
Total outside liabilities/Tangible net worth (times)	0.27	0.32
Total debt/OPBDIT (times)	3.47	0.25
Interest coverage (times)	5.05	6.22

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore

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							
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	7.50	July 28, 2026	[ICRA]BBB+ (Stable)	May 19, 2025	[ICRA]BBB+ (Stable)	-	-	February 26, 2024	[ICRA]BBB+ (Stable)
Bank guarantee	Short-term	0.10	July 28, 2026	[ICRA]A2	May 19, 2025	[ICRA]A2			February 26, 2024	[ICRA]A2
Letter of credit	Short-term	0.10	July 28, 2026	[ICRA]A2	May 19, 2025	[ICRA]A2	-	-	February 26, 2024	[ICRA]A2
Unallocated limits	Long-term/Short-term	0.30	July 28, 2026	[ICRA]BBB+ (Stable) /[ICRA]A2	May 19, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	February 26, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Short-term non-fund based - Bank guarantee	Simple
Short-term non-fund based - Letter of credit	Simple
Long-term/ Short-term -Unallocated limits	NA

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	Financial sector regulator#
NA	**Cash credit**	NA	NA	NA	7.50	[ICRA]BBB+(Stable)	RBI
NA	**Bank guarantee**	NA	NA	NA	0.10	[ICRA]A2	RBI
NA	**Letter of credit**	NA	NA	NA	0.10	[ICRA]A2	RBI
NA	**Unallocated limits**	NA	NA	NA	0.30	[ICRA]BBB+(Stable) /[ICRA]A2	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
SSPL Infra Private Limited	100%	Full Consolidation

Source: Company

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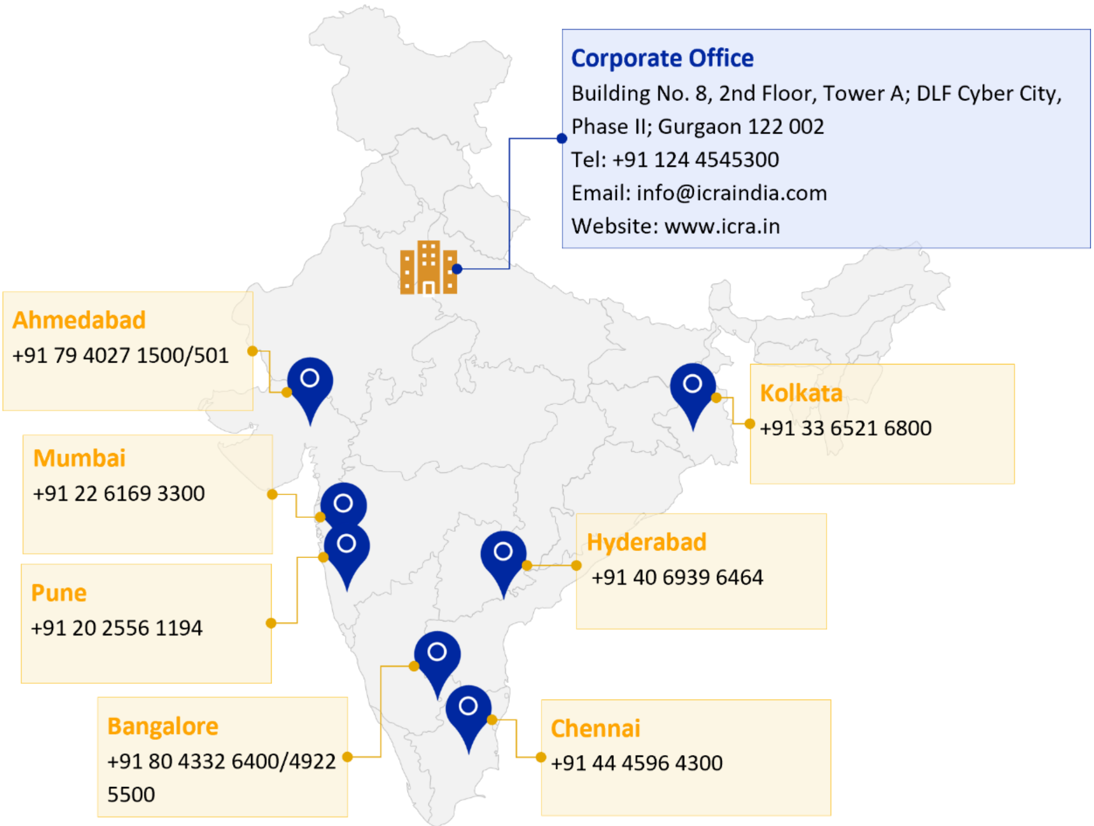

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