Press Release

SALVI CHEMICAL INDUSTRIES LIMITED
June 25, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.95	ACUITE BB- | Stable | Upgraded	-
Bank Loan Ratings	13.05	-	ACUITE A4+ | Upgraded
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to **'ACUITE BB-' (read as ACUITE double B minus**f)rom **'ACUITE C' (read as ACUITE C)**and also upgraded the short-term rating to **'ACUITE A4+' (read as ACUITE A four plus)** from **'ACUITE A4' (read as ACUITE A four)**on the Rs.35.00 Cr. bank facilities of Salvi chemical Industries Limited. (SCIL). The outlook is **'Stable**'.

Rationale for Rating

The upgrade in rating is supported by curing of earlier delays in repayment of property loan as reflected in Credit Information Company (CIC) report observed during last rating review. Furthermore, a strong revenue growth of approximately 43% revenue growth in FY2025(Prov.) which stood at Rs. 218.10 crore as compared to Rs.152.57 crore in FY2024 driven by sale of iodine products. EBITDA margins rose to 15.22% in FY2025(Prov.) as compared to 13.07% in FY2024, and PAT margins increased to 8.72% FY2025(Prov.) as compared to 6.76% in FY2024, due to healthy realisation from iodine. The net worth increased to Rs. 84.86 crore, while the gearing ratio was at 1.12 times in FY2025(Prov.) as compared to 0.52 times in FY2024 due to ongoing capex and incremental working capital borrowings. The company has a strong order book of Rs. 95.48 crore upto March 25 (of which 79% are export orders to 17 countries), providing it near term revenue visibility while it receives continuous orders. Its strategic capex plans support expansion into new high-margin product divisions, starting operations from June 2025 to June 2026 in phases. Debt protection metrics remain healthy, with an ICR of 5.79 times and DSCR of 3.03 times in FY2025(Prov.). Despite working capital intensiveness, liquidity is adequate with net cash accruals of Rs. 20.93 crore in FY2025(Prov.) and a current ratio of 1.41 times in FY2025(Prov.). However, these strengths are offset by working capital intensive nature of operations and high competition.

About the Company

Salvi Chemical Industries Limited (SCIL), founded in 1978 is leading manufacturer and exporter of chemical and pharmaceutical product that includes nutritional product, iron salt, chromium, amino acids, choline salt, Sweeteners, iodine salts, Quinolone, trizole and selenium products. The Company has presence in both domestic (40% of revenues) and export markets (60% of revenues). The Company has its plants at Tarapur (Maharashtra) and Dahej (Gujarat).

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Salvi Chemical Industries Limited (SCIL) to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations
SCIL manufactures chemical and pharmaceutical products including ferrous fumarate, cellulose acetate phathale etc. It has an established operational track record of around four decades. The company sells its products to 17 different countries alongwith domestic sales. Over the years, the company has been able to establish healthy relationship with customers and suppliers. The present directors of the company are Mr. Kantilal Narandas Salvi, Mr. Nirav Kantilal Salvi, Mr. Kaushal Kantilal Salvi, Mr. Vijay Jayantilal Thaker, Mr. Vipul Amul Desai and Ms. Shweta Kaushal Salvi. Acuité believes that the company will continue to benefit from the established track record of operations along with experienced management.

Improving scale of operations
In FY2025 (Provisional), the company reported revenues of Rs. 218.10 crore, representing a substantial increase from Rs. 152.57 crore in FY2024, reflecting a growth rate of approximately 43%. The current order book of the company is approximately Rs. 95.48 crore upto March 25 (of which 79% are export orders to 17 countries), with the iodine-based derivatives contributing around Rs. 60-70 crore. The company's focus on iodine, which commands higher margins, predominantly drives this segment, and it alone contributes significantly to additional revenues beyond other product lines. The operating margin reflects a healthy improvement to 15.22% in FY2025 (Prov.) from 13.07% in FY2024, primarily due to the higher margin in iodine. Similarly, the PAT margin improved to 8.72% in FY 25 (prov.) from 6.76% in FY24. The company does not have any hedging policy and receives a natural hedge due to both imports and export operations. The Return on Capital Employed (ROCE) increased to 22.25% in FY2025(Prov.) from 19.30% in FY2024, reflecting efficient capital utilization and sustained operational performance. Based on these trends, Acuite believes the company is well-positioned to maintain its scale and profitability margins over the medium term given the capex being undertaken for the company in phases during medium term.

Weaknesses

Working capital intensive nature of operations
The operations of the company exhibit an intensive working capital cycle, as evidenced by GCA days of 241 days as on March 31, 2025 (Provisional), compared to 202 days as on March 31, 2024. The increase in GCA days is primarily attributable to longer receivables and inventory holding periods, which is a result of increase in inventory days. Debtor days stood at 106 days in FY2025 (Provisional), up from 101 days in FY2024, while inventory days increased significantly to 116 days from 52 days in the previous year. The rise in inventory levels is due to the planned accumulation of raw materials, including iodine, to align with the procurement cycle and ensure smooth production. Additionally, bulk purchases facilitated by SBI working capital limits have contributed to higher inventory levels aimed at optimizing manufacturing efficiency. Meanwhile, creditor days stood at 79 days as on March 31, 2025 (Provisional), compared to 89 days in FY2024. Overall, Acuite believes that the working capital cycle is expected to remain at similar levels over the medium term.

High competition
The company operates in a highly competitive industry with the presence of a large number of organized as well as unorganized players in India.

Rating Sensitivities

- Timely completion of capex
- Movement in revenue and sustainability ofprofitability margins
- Working capital cycle

Liquidity Position
Adequate

The company has adequate liquidity marked by net cash accruals of Rs. 20.93 Cr. in FY2025 (Prov.) as against Rs. 3.05 Cr. of debt obligation over the same period. Going forward, the net cash accruals are expected to be sufficient around Rs.20-30 Cr. to meet debt obligations of ~Rs. 3.00-4.00 Cr. in next two years. The cash and bank balances stood at Rs. 0.16 Cr. for FY2025 (Prov.). Further, the current ratio of the stood at 1.41 times in FY2025(Prov.). The bank limit utilization for fund based is ~81% over the last six months ended in April 2025. The Company has also infused unsecured loans in the business for undertaking capex. The capex is expected to be to the tune of Rs. 84 cr. (undertaken of ~Rs.35 Cr. upto FY25). Acuité believes that the liquidity of the company is likely to remain adequate over the medium term backed by healthy and steady accruals against long term debt repayments, moderate current ratio albeit high utilisation of bank lines and debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	218.10	152.57
PAT	Rs. Cr.	19.01	10.31
PAT Margin	(%)	8.72	6.76
Total Debt/Tangible Net Worth	Times	1.12	0.52
PBDIT/Interest	Times	5.79	5.02

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
- Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Feb 2025	Letter of Credit	Short Term	13.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	5.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	0.05	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	3.50	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Post Shipment Credit	Long Term	4.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Term Loan	Long Term	4.45	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
	Cash Credit	Long Term	5.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE B+)
30 Sep 2024	Bank Guarantee (BLR)	Short Term	0.05	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	5.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	13.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	4.45	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Post Shipment Credit	Long Term	4.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Cash Credit	Long Term	3.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
07 Jul 2023	Letter of Credit	Short Term	13.00	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A4 (Assigned)
	Bank Guarantee (BLR)	Short Term	0.05	ACUITE A4 (Assigned)
	Cash Credit	Long Term	3.50	ACUITE BB- | Stable (Assigned)
	Post Shipment Credit	Long Term	4.00	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	4.45	ACUITE BB- | Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BB- | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Saraswat Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.05	Simple	ACUITE A4+ | Upgraded (from ACUITE A4)
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BB- | Stable | Upgraded (from ACUITE C)
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB- | Stable | Upgraded (from ACUITE C)
Saraswat Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A4+ | Upgraded (from ACUITE A4)
Saraswat Bank	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BB- | Stable | Upgraded (from ACUITE C)
Saraswat Bank	Not avl. / Not appl.	Term Loan	14 Jul 2021	Not avl. / Not appl.	14 Jul 2026	4.45	Simple	ACUITE BB- | Stable | Upgraded (from ACUITE C)

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations Abhishek Singh Analyst-Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research
Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit https://www.acuite.in/faqs.htm to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.