



Press Release
SALVI CHEMICAL INDUSTRIES LIMITED
July 21, 2025
Rating Reaffirmed & Withdrawn

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Bank Loan Ratings	21.95	ACUITE BB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	13.05	-	ACUITE A4+ Reaffirmed & Withdrawn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Total Withdrawn Quantum (Rs.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

Rating Rationale

Acuite has reaffirmed and withdrawn its long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and also reaffirmed and withdrawn the short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.35.00 Cr. bank facilities of Salvi chemical Industries Limited. (SCIL).

The rating has been withdrawn on account of the request received from the company, and the NOC (No Objection Certificate) received from the banker.

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

Rationale for the rating

The reaffirmation in rating is supported by 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 high-margin 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 for 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. The company has a strong order book of Rs. 95.48 crore providing it revenue visibility and receives continuous orders. Its strategic capex plans support expansion into new high-margin product divisions, starting operations from June 2025 to June 26 in phases. Debt protection metrics remain healthy, with an ICR of 5.79 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 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. 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

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), 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, management indicating margins in the range of 12-15%. 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 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, supported by a robust order book and the high-margin iodine segment.

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 may result from extended credit terms offered to customers. 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 funds 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.

Rating Sensitivities

Not Applicable

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. Acuite 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 utilization of short-term borrowings, moderate current ratio albeit debt funded capex plans.

Outlook: Not Applicable

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. Acuité'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
25 Jun 2025	Letter of Credit	Short Term	13.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	0.05	ACUITE A4+ (Upgraded from ACUITE A4)
	Term Loan	Long Term	4.45	ACUITE BB- Stable (Upgraded from ACUITE C)
	Cash Credit	Long Term	10.00	ACUITE BB- Stable (Upgraded from ACUITE C)
	Cash Credit	Long Term	3.50	ACUITE BB- Stable (Upgraded from ACUITE C)
	Post Shipment Credit	Long Term	4.00	ACUITE BB- Stable (Upgraded from ACUITE C)
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	3.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- Stable)
	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)
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+ Reaffirmed & Withdrawn
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- Reaffirmed & Withdrawn
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- Reaffirmed & Withdrawn
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+ Reaffirmed & Withdrawn
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- Reaffirmed & Withdrawn
Saraswat Bank	Not avl. / Not appl.	Term Loan	14 Jul 2021	Not avl. / Not appl.	14 Jul 2026	4.45	Simple	ACUITE BB- Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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