

January 06, 2026

Best Value Chem Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Term loan	124.01	62.51	[ICRA]A (Stable); reaffirmed
Long term/Short term - Working capital facilities	265.99	319.00	[ICRA]A (Stable)/ [ICRA]A2+; reaffirmed
Total	390.00	381.51	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings of Best Value Chem Private Limited (BVCPL/the company) factors in the commissioning of the new multipurpose manufacturing plant under BVC Specialties in March 2025, though with a six-month delay, thereby reducing the project execution risks. BVCPL undertook a sizeable capex programme under its subsidiary, BVC Specialties Pvt Ltd (BVCSPL), with a capital outlay of Rs. 550 crore, funded through a mix of Rs. 280-crore term debt, Rs. 200-crore equity infusion by Premji Invest, and the balance from the internal accruals of BVCPL (standalone). While the plant faced initial stabilisation issues in Q1 FY2026, it has now largely stabilised and witnessed a healthy revenue ramp-up in Q2 FY2026. The commissioning of the facility is expected to moderate the share of job work in BVCPL's manufacturing operations, thereby improving the profitability.

BVCPL derived ~24% of its revenue from US-based customers in FY2025. After the levy of the 50% tariff by the US administration, the company has had to absorb some part of the levies while majority of the hike has been absorbed by the end users.

There would be some impact on realisations because of the contract negotiations coming up in H1 CY2026, though the company hopes to fill the gap through an expected increase in volumes. The demand for the company's products remains healthy, supported by a stable offtake by customers in both the fine fragrance and consumer fragrance segments globally. While the commissioning and ramp-up of the BVC Specialty facility was expected to improve the profitability in H2 FY2026, it will be tempered by the impact of the US tariff on realisations. Nevertheless, the credit metrics are expected to gradually improve FY2026 onwards and over the medium term as the benefits of the capex materialise. The consolidated debt stood at Rs. 552.9 crore as on September 30, 2025 and is expected to moderate gradually with the scheduled repayment.

The ratings continue to factor in the extensive experience of the management and the established track record of the company in the flavour and fragrance ingredient manufacturing business, spanning around two decades. Further, the ratings consider the financial flexibility and the operational support from parent Premji Invest, which has a 95% stake in BVCPL. The ratings also factor in its reputed customer base and its established market position in key product segments.

ICRA notes that the demand prospect for the company's products is expected to remain healthy and the profit margins are likely to improve, aided by the increasing share of value-added products and the improving operational efficiencies. Further, the company's ability to garner market share, diversify its revenue mix and demonstrate a healthy growth in revenue and profits would remain important in the medium term.

The ratings are, however, constrained by the company's high product concentration despite the moderation in recent years and the susceptibility of the profit margin to fluctuation in input costs and foreign currency exchange rates. Although the company remains one of the key players in its product segment, the overall market size of its current products remains limited. However, BVCPL continues to develop new products to expand its potential market size, mitigating the risk to an extent. While it faces competition from large national and international players in the aroma chemical industry, most of them are its

customers as well as they are gradually moving the procurement of ingredients to BVCPL to focus on high value-added products/blending.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from the extensive experience of its management in the aroma chemical industry and is likely to witness a steady revenue growth, backed by a stable demand for the existing products and recently commissioned manufacturing unit at Dahej.

Key rating drivers and their description

Credit strengths

Experienced management and established track record of company - The promoters and the management are well experienced. Mr. Shaju C.O. has been running the business for more than two decades and BVCPL has a well-established track record in the aroma chemical business.

Financial flexibility and operational support from Premji Invest - Premji Invest had acquired a 95% stake in the company in June 2020 and plans to remain invested for the next five to seven years. The presence of Premji Invest provides BVCPL strong financial flexibility to raise capital to meet its capital expenditure and working capital requirements. The company also derives operational synergy from Premji Invest's network of companies and the presence of industry veterans from the chemical and the FMCG industries on the board of directors. Additionally, Premji Invest has infused Rs. 200-crore equity in BVCPL for investing further in BVCSPL as part of the funding for the recently commissioned capex. ICRA expects Premji Invest to support BVCPL going forward as well through financial and operational support, as and when needed.

Reputed customer base and established market position - The company's customer base comprises reputed and leading global fragrance and flavour (F&F) houses, such as Givaudan SA, Firmenich SA, International Flavours & Fragrances etc, resulting in limited counterparty credit risk. Although BVCPL has high customer concentration with the top five customers contributing to 41% to the company's revenues in FY2025, the risk has moderated from 70-75% earlier due to the addition of new customers.

Credit challenges

High product concentration risk - BVCPL's revenue grew ~32% in FY2025. However, the revenue remains exposed to high product concentration risk with its top six products contributing to 59-50% of the total revenue in FY2025, though the concentration moderated from 80-85% earlier. The product concentration risk has moderated over the last few years as the company has introduced several value-added products. While the company is operating at optimum capacity utilisation levels (~100% in FY2025) at present, the product mix is expected to improve in the near term with the launch of value-added products from the capacity under BVCSPL. It also remains exposed to competitive pressures as the aroma chemical industry is characterised by the presence of large established national and international players. However, the company's established position in its key product segments and the repeat orders from its customers/competitors suggest a preferred supplier status, thereby limiting the risk to an extent.

Volatility in profit margins - The company's profitability remains vulnerable to the volatility in input costs and foreign currency exchange rate fluctuations. Its key raw materials are crude oil derivatives, which are volatile in nature. Moreover, export sales contribute to 75-78% of its revenues, making the company's profitability vulnerable to foreign currency exchange rate fluctuations to the extent unhedged. The company enjoys a natural hedge in the form of imports and foreign currency denominated debt. Nonetheless, the profit margins have remained volatile in the past as the sales contracts are fixed price in nature and revised bi-annually, while the raw material prices are revised every quarter. In FY2025, the operating margins improved to 11.7% in FY2025 compared to 10.5% in FY2024, supported by an increasing share of value-added products. The job work charges continued to be elevated due to delay in the completion of the capex/project because of which the company

had to outsource some of the orders which it had initially planned to execute in-house. In H1 FY2026, the BVC Group posted an OPBDITA of Rs. 54.9 crore with BVC standalone registering an OPBDITA of Rs. 55.4 crore and BVCSPL an OPBDITA loss of Rs. 0.5 crore on a revenue of Rs. 103 crore. The profitability for BVC Specialties was at break-even EBITDA level during H1 FY2026 due to start-up costs and the ramp-up phase.

Subdued credit metrics – BVCPL’s consolidated credit profile remained modest owing to delay in the commissioning and ramp up of BVCSPL and as a result the gearing increased to 1.40x at the end of H1 FY2026 from 1.21x at the end of FY2025 (1.57x at the end of FY2024), while the TD/OPBITDA rose to 5.80x in H1 FY2026 from 4.72x in FY2025 (6.26x in FY2024). The interest coverage moderated to 2.45x from 3.35x in FY2025 (3.83x in FY2024). The debt levels have also increased for BVCPL on a consolidated basis as BVCPL has supported BVCSPL for its debt funding requirement and thus has had to fund its working capital requirements through incremental working capital borrowings (within its drawing power). Going forward, the debt levels are expected to moderate as the capex under BVCSPL is completed, with scheduled repayments FY2026 and FY2027.

Liquidity position: Adequate

The company’s liquidity position is expected to remain adequate, supported by net cash accruals of Rs. 80 crore on a consolidated basis, cushion of up to Rs. 51 crore in its fund-based limits as on March 31, 2025 and free cash and liquid investments of Rs. 2.9 crore as on March 31, 2025. This is likely to be adequate to meet the debt servicing requirements of BVCPL and BVCSPL. The high financial flexibility shown by Premji Invest towards maintaining a stable credit profile will continue to support the liquidity position.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a significant scaling up of operations along with a diversification of the product and customer mix and a sustained improvement in profitability, leading to an improvement in the leverage and coverage metrics.

Negative factors – Pressure on BVC’s ratings could arise if there is any significant decline in revenues, or if there’s a subdued ramp-up in the production under BVCSPL, or if the company is unable to maintain the margins at current levels on a sustained basis. A sizeable debt-funded capex weakening the leverage and coverage metrics may also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Best Value Chem Private Limited. As on March 31, 2025, the company had two wholly-owned subsidiaries that are enlisted in Annexure II

About the company

BVCPL, incorporated in 1996, is engaged in the business of manufacturing aroma chemicals or fragrance and flavour ingredients. The products are being supplied to some of the largest international fragrance and flavour houses, such as Firmenich SA (Switzerland), International Flavours & Fragrances (IFF; USA) and Givaudan SA (Switzerland), in addition to others who formulate and blend various chemicals to form compounds, as per the requirements of the end-user industries.

The end use is in the manufacture of fragrances (fine fragrances, fabric care, home care and hair care) and flavours (savory products, beverages, sweets and dairy products). At present, the company operates from two manufacturing units – Karakhadi (owned) and Moxi (leased), located near Vadodara in Gujarat. The units have a combined installed capacity to manufacture 17,216 MTPA of fragrance and flavour ingredients.

The company was promoted by Shaju C. O., the key managerial personnel, and Mr. Sanjay Patel, along with his family and friends. On June 29, 2020, PI OPPORTUNITIES FUND-I, an AIF of Premji Invest, acquired a ~95% stake in the company from Sanjay Patel and family. Mr. Shaju C. O, the CEO-cum-shareholder of the company, has continued with the company as its CEO with a 5% stake (against the earlier 9%).

Key financial indicators (audited)

BVC (Consolidated)	FY2024	FY2025	H1 FY2026*
Operating income	757.2	1,001.7	612.5
PAT	29.3	35.0	-1.1
OPBDIT/OI	10.5%	11.7%	9.0%
PAT/OI	3.9%	3.5%	-0.2%
Total outside liabilities/Tangible net worth (times)	2.20	1.72	1.91
Total debt/OPBDIT (times)	6.26	4.72	5.80
Interest coverage (times)	3.83	3.35	2.45

Source: Company, ICRA Research; *Unaudited; 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 rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Jan 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund based - Others	Long term/Short term	319.00	[ICRA]A (Stable)/[ICRA]A2+	Oct 24, 2024	[ICRA]A (Stable)/[ICRA]A2+	Nov 15, 2023	[ICRA]A (Negative)/[ICRA]A2+	Dec 22, 2022	[ICRA]A+ (Negative)/[ICRA]A1
Fund based - Term loan	Long term	62.51	[ICRA]A (Stable)	Oct 24, 2024	[ICRA]A (Stable)	Nov 15, 2023	[ICRA]A (Negative)	Dec 22, 2022	[ICRA]A+ (Negative)
Unallocated limits - Unallocated limits	Long term/Short term	-	-	-	-	Nov 15, 2023	[ICRA]A (Negative)/[ICRA]A2+	Dec 22, 2022	[ICRA]A+ (Negative)/[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term/Short term –Working capital	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	Term loan	FY2021	NA	FY2028	62.51	[ICRA]A (Stable)
NA	Working capital	-	NA	NA	319.00	[ICRA]A (Stable)/ [ICRA]A2+

Source: Company

[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
Best Value Organics Private Limited	100.0%	Full consolidation
Best Value Specialties Private Limited	100.0%	Full consolidation

Source: Company

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