July 15, 2026

Salicylates and Chemicals Private Limited: [ICRA]A-(Stable)/[ICRA]A2+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – fund based – term loan	77.88	[ICRA]A-(Stable); assigned	RBI
Short-term – non-fund based facilities (sublimit of term loan)	(10.00)	[ICRA]A2+; assigned	RBI
Long-term – fund based – working capital	65.00	[ICRA]A-(Stable); assigned	RBI
Short-term – non-fund based facilities (sublimit of fund-based working capital)	(19.00)	[ICRA]A2+; assigned	RBI
Long-term/short-term unallocated limits	7.12	[ICRA]A-(Stable)/[ICRA]A2+; assigned	RBI
Total	**150.00**		

**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 ratings assigned to Salicylates and Chemicals Private Limited (SCPL) consider its established track record in manufacturing parabens and sunscreen chemicals. The ratings also factor in the company's diverse product portfolio, comprising bespoke grades of parabens and para hydroxy benzoic acid (PHBA)-based preservatives, which cater to end-use industries with low cyclicality, such as pharmaceuticals and cosmetics, thereby imparting stability to revenues. Additionally, the company benefits from a broad and established customer base including reputed domestic and global companies, with long standing relationships that provide revenue stability. The company has registrations/certifications to cater to regulated markets in the United States and the European Union, giving it access to the export markets which account for ~60-65% of its sales.

The ratings are also supported by the company's healthy profitability and comfortable financial risk profile. Despite some moderation in profitability in FY2026 primarily due to elevated freight costs, reduced volumes as exports to the US (a key market) were impacted by tariffs, and an increase in other fixed costs—the company's leverage and coverage metrics remain strong, with TOL/TNW at 0.8x and TD/OPBDITA at 2.0x. Going forward, with the normalisation of trade situation and the completion of ongoing projects aimed at reducing work currently being done by third-party vendors, the operating margins are expected to improve, which in turn will lead to improvement in leverage and coverage metrics.

The ratings are, however, constrained by the company's relatively moderate scale and the vulnerability of the company's profitability to fluctuations in raw material prices. The ratings also consider the working capital-intensive nature of the business owing to moderately high levels of inventory and receivables. The company has undertaken sizeable capex in FY2025 and FY2026 and is expected to undertake moderately high capex in FY2027 for projects which are expected to be completed within this year. Its ability to execute these projects within the budgeted cost and stipulated timelines, stabilise operations, and scale-up revenues within a short gestation period post-commissioning will remain critical to the success of its capital expenditure programme. Additionally, the company's operations remain exposed to regulatory risks, given the stringent product approval and compliance requirements applicable in the personal care, cosmetic and pharmaceutical industries.

The Stable outlook reflects ICRA's expectations that the company is likely to sustain its operating metrics. Further, the outlook underlines ICRA's expectations that the entity's incremental capex will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established track record in manufacturing parabens and sunscreen chemicals with diversified product and customer profile: The company has over four decades of experience in the paraben and salicylic acid derivatives industry. It also maintains established relationships with key feedstock suppliers, which help mitigate supply disruption risks to an extent. The company has a diversified product portfolio of different grades of parabens and sunscreen chemicals, which it produces according to the customer requirements. The company caters to personal care and pharmaceutical industry, which due to being non-cyclic provides stability to the company's revenue. Further, the company is geographically diversified with 60-65% of its revenues from exports and the remaining from the domestic market. The company's customer base includes reputed players such as Procter & Gamble Home Products Private Limited, Hindustan Unilever Limited, Patanjali Ayurved Ltd, The Himalaya Drug Company, Emami Limited, and Abbott Laboratories, among others.

Comfortable financial risk profile: The company has a healthy financial profile characterised by robust leverage and coverage metrics despite additional debt taken to partially fund the capex in FY2026. The company had interest coverage ratio and TD/OPBDITA of 7.2x and 2.0x, respectively, in FY2026, which are expected to remain at broadly similar levels in line with healthy expected profitability.

Growing demand for preservatives due to growth in personal care and cosmetics industries: The company's business has seen healthy growth in line with increased usage of various personal care products like handwash and sanitiser since Covid-19 pandemic. Going forward, healthy growth in personal care products is expected to support the company's growth.

Credit challenges

Moderate scale of operations: Despite robust growth over last five years, the company's scale remains relatively moderate with revenue of Rs. 486.06 crore in FY2026. However, the company has undertaken capex in FY2026 with the plan to increase production capacity, which is expected to support growth going forward, which will in turn increase scale. Further, SCPL's ability to generate commensurate returns from the significant capex undertaken in FY2026 and planned in FY2027 by optimally scaling up its operations through an expanded product portfolio will remain a monitorable.

Profitability remains susceptible to fluctuations in raw material prices: The major feedstock for the company are organic chemicals derived from crude derivatives and, thus, the cost fluctuates with the crude prices. The company's profitability remains exposed to volatility in raw materials/feedstock chemicals prices. However, this risk is partially mitigated due to short-term nature of sales contracts with customers.

Working capital-intensive nature of business: SCPL's working capital intensity has been in the range of 25-30% in the last three years owing to high inventory and debtors. The company extends a credit period of 60-90 days to its customers and maintains an inventory level of ~40-45 days.

Liquidity position: Adequate

The company's liquidity position remains Adequate, supported by cash and cash equivalents of ~Rs. 5.7 crore and unutilised working capital limits of ~Rs. 6.7 crore as on March 31, 2026. The cash flow from operations is expected to remain healthy providing a comfortable cushion against the scheduled debt repayment obligations of ~Rs. 15.66 crore in FY2027. The company has a moderate capex plan of ~Rs. 40–45 crore, to be partly funded through a term loan of Rs. 18 crore already sanctioned and remaining to be utilised, while the balance is expected to be met through internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is sustained increase in scale and profitability while maintaining healthy debt protection metric along with an improvement in its working capital cycle.

Negative factors – The ratings may come under pressure if there is a significant decline in revenues or margins, or a weakening of debt coverage metrics on a sustained basis. The ratings may also be impacted by a deterioration in the working capital cycle or large capex plans, adversely affecting the company's liquidity position. Specific credit metric that could lead to a downgrade includes interest cover of less than 4.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1978, Salicylates and Chemicals Private Limited (SCPL) is a chemical company which manufactures parabenzene-based derivatives and sunscreen chemicals. The company started operations with the manufacture of salicylic acid in 1982. In the same year, it started manufacturing para hydroxy benzoic acid (PHBA) and over the years, expanded into PHBA derivatives.

Key financial indicators (audited)

	FY2025	FY2026*
Operating income	507.2	486.0
PAT	49.9	36.8
OPBDIT/OI	14.1%	12.3%
PAT/OI	9.8%	7.6%
Total outside liabilities/Tangible net worth (times)	0.7	0.9
Total debt/OPBDIT (times)	0.8	2.0
Interest coverage (times)	13.4	7.2

*Source: Company, ICRA Research; * Provisional numbers; 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

	Current rating (FY2027)					Chronology of rating history for the past 3 years					
	FY2027					FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs crore)**	**Jul 15, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long term - Fund-based- Working capital	Long Term	65.00	[ICRA]A- (Stable)	-	-	-	-	-	-	-	-
Unallocated limits	Long Tem/Short Term	7.12	[ICRA]A- (Stable)/[ICRA]A2+	-	-	-	-	-	-	-	-
Long term - Fund-based- Term loan	Long Term	77.88	[ICRA]A- (Stable)	-	-	-	-	-	-	-	-
Short term – non fund based facilities (sublimit of term loan)	Short Term	(10.00)	[ICRA]A2+	-	-	-	-	-	-	-	-
Short term – non fund based facilities (sublimit of fund based working capital)	Short Term	(19.00)	[ICRA]A2+	-	-	-	-	-	-	-	-
Fund-based- Cash credit	Long Term			May 27, 2026	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn	Mar 30, 2026	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Jan 22, 2025	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	Nov 23, 2023	[ICRA]B+ (Stable) ISSUER NOT COOPERATING

Non-fund based-Others	Short Term			May 27, 2026	[ICRA]A 4 ISSUER NOT COOPERATING; withdrawn	Mar 30, 2026	[ICRA]A 4 ISSUER NOT COOPERATING	Jan 22, 2025	[ICRA]A 4 ISSUER NOT COOPERATING	Nov 23, 2023	[ICRA] A4 ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – fund based – term loan	Simple
Short term – non fund based facilities (sublimit of term loan)	Simple
Long term – fund based – working capital	Simple
Short term – non fund based facilities (sublimit of fund based working capital)	Simple
Long term/Short term unallocated limits	Not applicable

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	Term loan I	FY2027	NA	FY2032	10.00	[ICRA]A-(Stable)	RBI
NA	Term loan II	FY2026	NA	FY2030	24.00	[ICRA]A-(Stable)	RBI
NA	Term loan III	NA	NA	FY2027	0.92	[ICRA]A-(Stable)	RBI
NA	Term loan IV	FY2025	NA	FY2032	31.76	[ICRA]A-(Stable)	RBI
NA	Term loan V	FY2027	NA	FY2032	8.00	[ICRA]A-(Stable)	RBI
NA	Term loan VI	FY2024	NA	FY2028	2.14	[ICRA]A-(Stable)	RBI
NA	Term loan VII	FY2024	NA	FY2028	1.06	[ICRA]A-(Stable)	RBI
NA	Short term – non fund based facilities (sublimit of term loan)	NA	NA	NA	(10.00)	[ICRA]A2+	RBI
NA	Long term – fund based – working capital	NA	NA	NA	65.00	[ICRA]A-(Stable)	RBI
NA	Short term – non fund based facilities (sublimit of fund based working capital)	NA	NA	NA	(19.00)	[ICRA]A2+	RBI
NA	Long term/Short term unallocated limits	NA	NA	NA	7.12	[ICRA]A-(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- Not applicable

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ABOUT ICRA LIMITED

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.

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