

The Kutch Salt And Allied Industries Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	63.63 (Reduced from 91.50)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	45.00	CARE BBB+; Stable / CARE A2	Reaffirmed

Details of facilities in Annexure -1

Rationale and key rating drivers

Ratings assigned to bank facilities of The Kutch Salt And Allied Industries Limited (TKSAIL) continue to derive strength from its experienced promoters, with the company being part of the 'Friends Group', which has an established track record of over three decades in managing diversified businesses. Ratings also factor in TKSAIL's location advantage arising from its operations at Deendayal Port Trust (DPT) and the long-term lease of land used for salt production. Ratings further factor in healthy profitability along with a comfortable capital structure as well as debt coverage indicators and adequate liquidity. Ratings also factor in successful commissioning of solar power plant capex at group level.

However, ratings continue to remain constrained due to significant moderation in the scale of operations in FY25, moderate customer concentration, need-based support extended to group companies, profitability being susceptible to climatic conditions and foreign exchange rate volatility, and its presence in a fragmented and competitive salt industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-based increase in scale of operations, while maintaining healthy profitability in the salt business on a sustained basis.
- Improvement in capital structure with adjusted overall gearing below 0.25x (based on net worth adjusted for loans and advances [L&A] given to related parties).

Negative factors

- Moderation in profitability leading to deterioration in debt coverage indicators.
- Deterioration in capital structure with adjusted overall gearing above 1x on a sustained basis.

Analytical approach: Standalone while factoring in group linkage, being a part of 'Friends group' of Gandhidham, Gujarat which is promoted by common promoter group and has also exhibited operational as well as financial linkages.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the entity will continue to benefit from stable demand for its products, its established presence in salt exports, and synergies derived from operational linkages among Friends Group entities.

Detailed description of key rating drivers

Key strengths

Experienced promoters with established track record of 'Friends group' across diversified business segments

Gandhidham-based (Gujarat) Friends Group is promoted and managed by the Singhvi family, represented by Sukhraj Amarchand Singhvi, Babulal Amarchand Singhvi, Tribhuvan Amarchand Singhvi, and Ashok Amarchand Singhvi, each having over two decades of industry experience.

The group has over three decades of operating presence at Deendayal Port Trust (DPT), with diversified operations spanning manufacturing and trading of salt, cargo handling and other port-related services, warehousing, auto dealerships, renewable power generation, manufacturing of castor oil and other agro products, and trading of commodities.

Friends Group is among the leading salt producers and exporters, with warehousing capacity exceeding 10 lakh square feet and cumulative renewable power generation capacity of over 225 megawatts (MW).

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Successful commissioning of solar capex at group level

Friends group periodically undertakes renewable energy (RE) capex for installation of windmills and solar power plants. In FY25-FY26, the group has expanded its existing RE capacity in Gujarat by setting up 44.75 MW (Gross capacity: 50.50 MW) solar power plants in TKSAIL (rated 'CARE BBB+; Stable / CARE A2'; 18.68 MW), Friends Impex (rated 'CARE BBB; Stable / CARE A3+'; 12.29 MW), Kandla Agro & Metal Private Limited (rated 'CARE BBB; Stable / CARE A3+'; 6.00 MW), Terapanth Foods Limited (rated 'CARE BBB-; Stable / CARE A3'; 4.50 MW), and New Kandla Salt & Chemical Co. Private Limited (rated 'CARE BBB-; Stable / CARE A3'; 3.28 MW) with aggregate cost of ₹191 crore, which was funded through term loans of ₹149 crore and balance through internal accruals and own funds. The group has entered long-term power purchase agreement (PPA) (25 years) with Paschim Gujarat Vij Company Limited (PGVCL) for sale of electricity generated through these assets.

Location advantage and long-term lease of land for salt production

India is the world's third-largest salt producer. The top five salt-producing states in India are Gujarat, Tamil Nadu, Rajasthan, Maharashtra, and Andhra Pradesh. Of the total salt production in India, Gujarat contributes around one-fourth of the output, largely due to its arid climate and large land availability.

TKSAIL is near DPT at Kutch, one of the major ports in western India. Hence, TKSAIL's presence in the salt-producing region and proximity to Kandla port result in benefits such as lower logistics expenditure (on transportation and storage) and easy access to export customers.

The company was allotted 3,891 acres of salt pans on an annual lease payment of ₹14.25 crore and a one-time security deposit of ₹28.50 crore from DPT in 2017 for 25 years. The salt pans acquired by TKSAIL are on a long-term lease, providing good revenue visibility.

The salt division constituted ~90% of its total operating income (TOI) in FY24 (PY: 98%).

Stable cash flow from renewable power segment

TKSAIL has set up renewable energy-based power generation projects through windmills and solar power plants over the last few years, with an aim of diversifying its revenue stream. TKSAIL had a total installed capacity of 15.60 megawatts (MW) of wind-based power generation and 22.68 MW of solar power generation as on March 15, 2026. The windmills are in Rajasthan and Gujarat, while the solar power plant is in Gujarat. TKSAIL has signed long-term PPAs with the respective state utilities in Rajasthan and Gujarat for the sale of power for a tenure of up to 20 years.

The total income earned from the renewable segment stood at ₹8.40 crore in FY25 (PY: ₹13.35 crore).

Moderation in scale of operations, however, sustained healthy profitability

TKSAIL's TOI reported a sharp 56% Y-o-Y decline to ₹383 crore in FY25 compared to ₹861 crore in FY24. The higher revenue in FY23-FY24 period was supported by opportunity-based salt trading, where the company purchased salt from reputed bromine manufacturing players in Kutch, Gujarat, undertook washing at its own facility, and exported the same to long-standing trading partners and other customers. Subsequently, this salt trading business was transferred to a newly formed joint venture (JV) with an entity that owns the salt pans. Accordingly, TKSAIL's TOI declined significantly due to the transfer of the salt trading business; however, it remained higher than pre-FY22 levels, supported by salt washing income from the new JV, as the JV entity does not have its own salt washing facility.

Operating margins improved sharply considering a higher proportion of manufacturing and processing-led revenue, with the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin increased significantly by 1,388 bps Y-o-Y to 35.90% in FY25. Accordingly, profit after tax (PAT) margin improved by 788 basis points Y-o-Y to 20.10% in FY25 (PY: 12.22%), despite a significant increase in depreciation and interest expenses following the purchase of a large number of trucks and installation of a solar power plant in FY25.

In 9MFY26, the company reported a 23% Y-o-Y decline in TOI, primarily due to a 35% Y-o-Y moderation in revenue from the salt segment.

CareEdge Ratings expects TKSAIL to report total revenue in the range of ₹300–500 crore, while maintaining healthy operating margins over the medium term, supported by a higher share of manufacturing- and processing-oriented revenue.

Comfortable capital structure and debt coverage indicators

TKSAIL's overall gearing ratio increased from 0.83x as on March 31, 2024 to 1.14x as on March 31, 2025, owing to a significant increase in total debt, primarily consisting of term loans towards new truck purchases and solar power plant installation. The company purchased over 100 trucks/dumpers in Q4FY24 and Q1FY25, which are utilised for own use as well as given to group companies and other parties on a lease rental basis. Further, TNW of the company moderated from ₹429.43 crore as on March 31, 2024 to ₹383.08 crore as on March 31, 2025 owing to redemption of 12,420,000 preferential shares having face value to ₹10 at ₹110 (including ₹100 of premium per share).

Debt coverage indicators deteriorated in tandem with increased debt and interest cost, though it remained comfortable, as marked by an interest coverage ratio of 4.44x [PY: 7.58x] and total debt to gross cash accruals (TDGCA) of 3.21x [PY: 2.41x] in FY25.

Key weaknesses**Moderate customer concentration**

TKSAIL had a reputed yet concentrated customer profile, as ~69% (PY: ~50%) of its TOI was derived from its top two customers. In FY25, customer concentration, marked by the top five customers, contributed ~83% of its TOI (FY24: 69%).

Need-based support to group entities

With the key salt business of the Friends Group housed in TKSAIL, the company provides need-based financial support to other group entities. The company generates healthy cash accruals, which are utilised to support other group entities in the form of unsecured loans. However, loans and advances extended to related parties reduced significantly from ₹101 crore as on March 31, 2024 to ₹3 crore as on March 31, 2025. As articulated by the management, the company may lend again to group entities on need basis in medium term.

Going forward, L&As given to group companies and its impact on the company's liquidity profile is key credit monitorable.

Profitability susceptible to climatic conditions and presence in a highly fragmented salt industry

The salt industry is highly fragmented, with numerous regional and unorganised players. The business is seasonal, highly depend on weather conditions, and remains exposed to natural calamities. The salt business was affected in the past due to natural calamities in the Kandla region and reduced export sales. However, TKSAIL derives benefits from its strategic location, including suitability of land for salt production and proximity to DPT.

Exposure to foreign exchange rate volatility

High export sales of TKSAIL expose the company to the risk of adverse movements in foreign exchange rates. In the absence of a formal hedging policy, TKSAIL continues to remain exposed to foreign exchange fluctuation risk, which could result in volatility in profitability.

Liquidity: Adequate

TKSAIL's liquidity was adequate, marked by healthy cash flow from operations (CFO) and cash accruals that are sufficient to meet scheduled debt repayment obligations, coupled with moderate utilisation of working capital limits.

The company had unencumbered cash and bank balance of ₹11 crore and margin money of ₹171 crore as on March 31, 2025. The company has placed fixed deposits (FDs) against fixed deposit overdraft (FDOD) facility. As articulated by the management, the said limit was availed to meet exigency at the group level. CFO remained healthy at ₹103 crore in FY25. The company registered healthy cash accruals of ₹135 crore in FY25 and is expected to register cash accruals of ₹125–155 crore in the FY26–FY28 period, which shall be adequate to cover scheduled debt repayment obligations of ₹40–90 crore (including finance lease discharge obligations) in the same period.

The average utilisation of fund-based working capital limits remained at ~49% in the last 12 months ended December 2025. The operating cycle elongated from 69 days in FY24 to 98 days in FY25 due to an increase in inventory period.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria:

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)
- [Wholesale Trading](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Other food products

Incorporated in 1950 as a limited company, TKSAIL (CIN: L24238MH1950PLC008313) is a part of the Friends Group based in Gandhidham, Gujarat. TKSAIL is engaged in raw salt production, which it carries out on leasehold land of 3,891 acres at Kandla obtained from DPT. TKSAIL also has an aggregate wind power generation capacity of 15.60 MW and solar power generation capacity of 22.68 MW as on March 15, 2026.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	860.74	382.83	234.64
PBILD	189.51	137.44	NA
PAT	105.17	76.95	NA
Overall gearing (times)	0.83	1.14	NA
Interest coverage (times)	7.58	4.44	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure 1: Details of instrument/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31/03/2038	63.63	CARE BBB+; Stable
Fund-based - LT/ ST-EPC/PSC	-	-	-	-	45.00	CARE BBB+; Stable / CARE A2

Annexure 2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Bank Overdraft	LT	-	-	-	-	-	1)Withdrawn (07-Apr-22)
2	Fund-based - LT-Term Loan	LT	63.63	CARE BBB+; Stable	1)CARE BBB+; Stable (08-Apr-25)	1)CARE BBB+; Stable (04-Apr-24)	-	1)CARE BBB+; Stable (30-Mar-23) 2)CARE BBB; Stable (07-Apr-22)
3	Fund-based - LT/ST-EPC/PSC	LT/ST	45.00	CARE BBB+; Stable / CARE A2	1)CARE BBB+; Stable / CARE A2 (08-Apr-25)	1)CARE BBB+; Stable / CARE A2 (04-Apr-24)	-	1)CARE BBB+; Stable / CARE A2 (30-Mar-23) 2)CARE BBB; Stable / CARE A3+ (07-Apr-22)
4	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE BBB+; Stable (04-Apr-24)	-	1)CARE BBB+; Stable (30-Mar-23) 2)CARE BBB; Stable (07-Apr-22)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instrument/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-EPC/PSC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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