Palvi Industries Limited

September 25, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	100.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable / CARE A3 and moved to ISSUER NOT COOPERATING category
Long-term bank facilities	RBI	25.12	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Palvi Industries Limited (PIL) to monitor ratings vide e-mail communications dated July 29, 2026, June 30, 2026, June 01, 2026, May 12, 2026, April 29, 2026, and April 08, 2026, among others, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed ratings on the basis of the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on PIL's bank facilities will now be denoted as CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*.

Users of these ratings (including investors, lenders, and public at large) are hence requested to exercise caution while using these ratings.

Ratings assigned to bank facilities of PIL have been revised, considering non-availability of adequate information for carrying out the review of ratings.

Ratings remain constrained, considering PIL's moderate scale of operations and profitability and supplier concentration risk. Ratings also factor in profitability susceptible to raw material price volatility and foreign currency fluctuations and regulatory risk. However, ratings continue to derive strength from long experience of promoters in the chemical industry, established track record with diversified clientele, location advantage being presence in chemical cluster of Gujarat, and moderate capital structure and debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that PIL shall continue to benefit from its promoters' extensive experience in the chemical industry and its established market position in manufacturing molybdenum derivatives industry and diversified clientele.

Detailed description of key rating drivers

At the time of last rating as on July 07, 2025, the following were rating strengths and weaknesses considered (updated for the FY25 (Audited).

Key weaknesses

Moderate scale of operations and profitability

In FY25, PIL reported total operating income (TOI) of ₹441.43 crore, a year-over-year (y-o-y) growth of 45% backed by increase in sales volume of its key products (molybdenum derivative). In FY24, the company had introduced new product, ferro molybdenum, which gained a significant traction in FY25.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Profitability marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) remained moderate at 3.40% (FY24: 5.19%) in FY25, owning to higher raw material cost and sale of some obsolete trading inventory at reduced prices. Consequently, profit after tax (PAT) margin also remained moderate at 1.68% in FY25 (2.48% in FY24). PIL reported gross cash accruals (GCA) of ₹10.40 crore in FY25 compared to ₹9.25 crore in FY24.

Supplier concentration risk

Earlier, PIL had significantly high dependency on the single supplier, for roasted molybdenum. However, supplier concentration risk moderated to some extent from FY24 with expansion of the supplier base across geographies. PIL buys contracted quantity from each supplier based on defined price formula.

Profitability susceptible to raw material price volatility and foreign currency fluctuations and regulatory risk

Roasted molybdenum concentrate is a major raw material for PIL forming over 80% of its cost of sales. Prices of roasted molybdenum concentrate is determined based on London Metal Exchange (LME), which depends on global demand and supply scenario and other economic factors, including geopolitical situation. Therefore, PIL's profitability is vulnerable to fluctuations in inherently volatile raw material prices, due to time-lag in passing these costs onto customers. This volatility is also evident in fluctuating trend of its gross margin.

To manage this volatility, PIL has annual contracts, with its supplier, which follows calendar year having price based on M, M-1, and M+1 price of molybdenum for the order month (M). On customer side, it sells in domestic market on spot price, while in export market it has same M, M-1, and M+1 pricing formulae. PIL was net imported from FY24-FY25. It hedges part of its foreign currency exposures through forward contract, reducing the forex risk to an extent. However, adverse forex variation could impact its profitability to the extent of un-hedged portion. The chemical industry is regulated by stringent regulatory and pollution control norms, which companies need to strictly adhere to. Continued compliance with these stringent pollution control norms is essential for the un-interrupted operation of companies including PIL.

Key strengths

Long experience of promoters in the chemical industry

PIL is promoted by Himanshu Mehta, managing Director and Chief Executive Officer (MD and CEO), who has over two decades of experience in the chemical industry and looks after the company's overall business. He is supported by his son, Alay Mehta, a chemical engineer. The management is further supported by tier II professionals and experienced staff.

Established track record of operations

PIL has track record of over two decades in the chemical industry, including manufacturing molybdenum derivatives and trading commodity and speciality chemicals. PIL is a member of Registration, Evaluation, Authorisation, and restriction of Chemicals (REACH) in compliance with regulation of European Parliament and of the Council. Earlier, PIL was also engaged in trading speciality chemicals. However, the company is transferring trading operations to its subsidiaries Palvi Power Tech FZE (Dubai) and Palvi Power Tech Sales Private Limited (India; incorporated in March 2024) from FY24 onwards. In FY25, the income from trading segment was 14% of TOI (FY24: 23%). Overall capacity utilisation of molybdenum unit improved from 53% in FY24 to 68% in FY25.

Diversified clientele and location advantage with presence in chemical cluster of Gujarat

PIL's products find its application in industries, such as catalysis, pigments and colour, water treatment industry, steel industry, paper and textile industry, food ingredients, cosmetic and body care products, flavours and fragrance, plastic, paints and coating, drilling and mining, and automobile, among others. Sales of PIL is mix of direct sales to customer and through distributors. PIL has diversified customer base with top 10 customers forms ~44% of its net sales in FY25 (FY24: 37%). PIL has major presence across the export market with export sales forms ~55% of its TOI in FY25 (FY24: 63%). It caters to over 25 countries, such as Brazil, the United Kingdom (the UK), the United States (the US), Kenya, the Netherlands, and South Korea, among others. PIL operates from Vadodara, Gujarat, which results in location benefit with its presence in the chemical cluster of Gujarat in terms of proximity to suppliers, customers, and easy availability of labour.

Completion of backward integrated project

PIL has completed its backward integration project for manufacturing roasted molybdenum. The plant commenced operations in March 2025-end against earlier estimate by December 2024. The total project cost was ₹30.16 crore, which was funded through term loan of ₹22.62 crore and balance through internal accruals. The project cost increased form earlier-envisaged cost of ₹16.16 crore, owing to additional infrastructure creation for the green and clean technology. The integrated nature of operations shall ensure better cost control, aiding enhancement in profitability going forward.

Moderate capital structure and debt coverage indicators

PIL's capital structure remained moderately leveraged marked by overall gearing of 1.93x as on March 31, 2025, against 1.27x as on March 31, 2024. Capital structure deteriorated, owing to increase in the additional term loan availed, due to increase in the project cost. With the project completion, there was increase in raw material inventory, leading to increase in working capital borrowings. The company's TD level increased from ₹62.97 crore as on March 31, 2024, to ₹109.96 crore as on March 31, 2025, while the company's tangible net worth stood moderate at ₹56.98 crore as on March 31, 2025. Debt coverage indicators too remained moderate marked by PBILDT interest coverage of 2.40x (PY: 2.85x) and TD/GCA of 10.57x (PY: 6.81x) in FY25. Going forward, capital structure and debt coverage indicators as debt level shall rationalised, while entity benefiting from integrated nature of operations.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Information Adequacy Risk and Issuer Non-Cooperation
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Commodity chemicals

PIL was initially incorporated as a proprietorship firm in 1995 for export trading speciality and commodity chemicals in the name of Govindlal Mehta, the first-generation promoter. Then, it was converted into partnership firm and in 2006 incorporated as a private limited company in the name of 'Palvi Power Tech Sales Private Limited'. In 2019, it converted into closely held public limited company and changed its name to the present name 'Palvi Industries Limited'. PIL is engaged in manufacturing molybdenum derivatives and trading commodities and speciality chemicals. As on March 31, 2025, PIL has installed capacity of 2,160 MTPA for molybdenum derivatives and 1,200 MTPA for ferro molybdenum at its two plants in Vadodara, Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	306.87	441.43
PBILDT*	15.93	14.99
Profit after tax (PAT)	7.62	7.42
Overall gearing (x)	1.27	1.93
Interest coverage (x)	2.85	2.40

A: Audited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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 instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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/ ST-CC/PC/Bill Discounting	RBI	Simple	-	-	-	-	35.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-	-	-	-	65.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Term Loan-Long Term	RBI	Simple	-	-	-	31-12-2031	25.12	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2026-2027	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
1	Term Loan-Long Term	LT	25.12	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (07-Jul-25)	1)CARE BBB-; Stable (01-Jul-24)	1)CARE BBB-; Stable (07-Jul-23)
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	35.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (07-Jul-25)	1)CARE BBB-; Stable / CARE A3 (01-Jul-24)	1)CARE BBB-; Stable / CARE A3 (07-Jul-23)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	65.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (07-Jul-25)	1)CARE BBB-; Stable / CARE A3 (01-Jul-24)	1)CARE BBB-; Stable / CARE A3 (07-Jul-23)

*Issuer did not cooperate; based on best available information.

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

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

Annexure-4: 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.

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