

December 05, 2025

Alchemie Finechem Private Limited (erstwhile Alchemie Laboratories): Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term fund based /Non-fund based	100.75	100.00	[ICRA]BBB+(Negative)/[ICRA]A2; reaffirmed
Long term fund based term loan	225.0	325.0	[ICRA]BBB+ (Negative); reaffirmed and assigned for enhanced amount
Long term fund based limits	5.0	5.50	[ICRA]BBB+(Negative); reaffirmed
Short term non-fund based facilities	50.0	50.0	[ICRA]A2; reaffirmed
Short term interchangeable - Fund based/Non-fund based facilities (sublimit)	(50.0)	(50.0)	[ICRA]A2; reaffirmed
Long term/Short term unallocated limits	0.00	0.25	[ICRA]BBB+(Negative)/ [ICRA]A2; reaffirmed
Total	380.75	480.75	

*Instrument details are provided in Annexure I

Rationale

The rating action factors in the extensive experience of Alchemie Finechem Private Limited (AFPL) in manufacturing diethyl phthalate (DEP) and other speciality chemicals. The company enjoys operational synergies with Aarti Industries Limited (AIL) in the form of marketing support for the sales and bulk procurement of raw materials. The ratings also take into consideration the company's established relationship with reputed customers in the domestic and international markets.

The ratings, however, remain constrained by the moderation in AFPL's profitability because of persistent demand headwinds. The company's operating margins have moderated over the past two fiscals —from over 18% historically to 7.40% in FY2025 and 5.95% in FY2024. Further, the margins in the medium to long term are expected to improve with the capex undertaken for a new product portfolio. The sustenance of improved operating margins remains a key monitorable.

Additionally, AFPL is undertaking a large capital expenditure project, for which the overall cost is increased to Rs. 844 crore due to a change in scope which also resulted in change in the scheduled commercial operations date to March 31, 2026. However, the project remains majorly funded by promoter contribution in the form of unsecured loans and preference shares. Further, a timely commencement of the project without any further time and cost overruns would remain a key monitorable. The capital structure and debt servicing indicators have moderated with the influx of term loans.

The ratings also remain tempered by the vulnerability of the company's profitability to the fluctuation in raw material prices, mitigated to a certain extent by the reset of prices on a regular basis for both domestic and international clients. The ratings also consider the working-capital intensive business, reflected in a net working capital intensity of 44% in FY2025.

The outlook for AFPL continues to be Negative on account of the moderate operating margins and the large ongoing capex plans and associated risks.

Key rating drivers and their description

Credit strengths

Established track record of company in manufacturing chemicals; strong linkages with AIL – AFPL was established as a proprietorship firm, Alchemie Laboratories, by the Chairman Emeritus of the Aarti Group, Shri Chandrakant V Gogri in 1975. Alchemie Laboratories became a private limited company, Alchemie Finechem Private Limited (AFPL), in May 2021. The company manufactures products catering to the perfumery, food colour, and dye and pigment industries, among others, with expertise in the processes of esterification, alkylation, distillation, condensation, etc. The manufacturing unit is in Dombivli, Thane (Maharashtra), and Saykha, Gujarat, with enhanced capacity along with the new capex, which is focused on the food and beverages, flavour and fragrances, API and fuel blending sectors. The products are acetaldehyde, crotonaldehyde, sorbic acid and potassium sorbate.

The company's customer base includes reputed players such as BASF, Colourtex Industries Pvt Ltd, among others. The company enjoys operational synergies due to strong linkages with Aarti Industries Limited in the form of marketing support for sales and bulk procurement of raw materials.

Established relationships with reputed customers in domestic and overseas markets – AFPL derives 30-40% of its revenues from exports and the remaining from the domestic market. The company's customer base includes reputed players such as Colourtex Industries Pvt Ltd, Chemixil Corporation, Roha Dychem Pvt Ltd, Shiv Corporation and Spectrum Dyes & Chemicals Private Limited., among others.

Credit challenges

Moderate operating margins; profitability remains susceptible to fluctuations in raw material prices – The operating profits moderated to 5.95% in FY2024 and was at 7.40% in FY2025 from 18-20% earlier owing to the weak industry demand for AFPL's discretionary chemical products amid the global destocking and recessionary trends. Further, the margins in the long term are expected to improve with the capex undertaken for a new product portfolio. The sustenance of improved operating margins remains a key monitorable. The profitability remains exposed to fluctuations in raw material prices, which are linked to crude oil price movements and the demand-supply balance in the market. The company's ability to pass on the impact of raw material price fluctuations to its customers will remain crucial to sustain its profit margin.

Large ongoing capex plans – AFPL is setting up a new unit in Gujarat and is expected to commence its operations in Q4 FY2026. This capex encompasses shifting the capacities of the existing products from Dombivli to Saykha and the addition of new products – acetaldehyde, crotonaldehyde, sorbic acid, potassium sorbate, etc. The estimated capex is Rs. 844 crore {up from the earlier estimated cost of Rs. 640 crore due to an increase in the scope of project}, to be funded by internal accruals, preference shares and term loans from bank (Rs. 325 crore). A timely completion and ramp-up of the capex without any cost and time overruns remains a key monitorable.

Of the total capex, Rs. 774 crore has been incurred as on August 31, 2025, of which Rs. 549 crore has been funded by the promoters in the form of unsecured loans and preference shares. The capital structure and debt servicing indicators are expected to moderate with the influx of term loans, unsecured loans and preference shares. However, the additional revenues and operating profits from the proposed capex are expected to maintain the coverage indicators at adequate levels in the long term.

Working capital-intensive nature of operations– The company's operations are working capital-intensive, reflected in the elevated net working capital intensity (NWC/OI) of 44% in FY2025 because of the high receivables and increase in inventory days.

Liquidity position: Adequate

AFPL's liquidity profile is adequate, backed by sufficient accruals and available unutilised working capital with an average limit utilisation of 65% over the last 12 months ended October 2025. Though the company is undertaking large capex in the near term, it is funded comfortably through a mix of term loan and unsecured loans from promoters (major portion) and the remaining through internal accruals and equity infusion.

Rating sensitivities

Positive factors – Given the Negative outlook on the ratings, an upgrade in the near term is unlikely. The outlook could be revised to Stable with improvement in AFPLs scale and profitability on a sustained basis, completion and ramp up of capex while maintaining the liquidity position.

Negative factors – The ratings may be under pressure if there is a sustained decline in the company's scale and inability to improve its profitability, or if the debt-funded capex increases further, thereby weakening the debt coverage indicators. Any stretch in the working capital adversely impacting the liquidity position will also trigger a downgrade. Specific credit metrics that could lead to a rating downgrade include interest coverage of less than 3.5 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	For arriving at the ratings, ICRA has considered the standalone financials of AFPL

About the company

AFPL, established in 1975 as a proprietorship firm, was converted to a private limited entity in May 2021. It manufactures DEP, ethyl benzyl aniline sulphuric acid, di ethyl meta toluidine, di methyl para toluidine, N ethyl ortho toluidine and other speciality chemicals. The products cater to the perfume, food colour and the dye and pigment industries, among others. Its manufacturing unit is in Dombivali, Thane (Maharashtra), with an installed production capacity of ~24,920 metric tonnes per annum and in Saykha, Gujarat. The capacity of the existing products is also being enhanced along with new product addition such as acetaldehyde, crotonaldehyde, sorbic acid and potassium sorbate.

The company's customer base includes reputed players such as BASF, Colourtex Industries Pvt Ltd, among others. It enjoys operational synergies due to strong linkages with Aarti Industries Limited, in the form of marketing support for sales and bulk procurement of raw materials.

Key financial indicators (audited)

AFPL	FY2024	FY2025
Operating income	196.9	224.4
PAT	5.2	11.3
OPBDIT/OI	6.0%	7.4%
PAT/OI	2.7%	5.0%
Total outside liabilities/Tangible net worth (times)	1.5	2.6
Total debt/OPBDIT (times)	15.9	31.1
Interest coverage (times)	3.2	5.4

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
			December 05, 2025	November 06, 2025	January 10, 2025	March 20, 2024	December 27, 2023	September 30, 2022
1 Fund based/Non-fund based	Long term /Short term	100.0	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]BBB+ (Negative)/ [ICRA]A2	[ICRA]BBB+ (Stable)/ [ICRA]A2
2 Fund based – Term loan	Long term	325.0	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	-	-
3 Fund based limits	Long term	5.5	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	-	-
4 Unallocated limits	Long term/Short term	0.25	[ICRA]BBB+ (Negative)/ [ICRA]A2	-	-	[ICRA]BBB+ (Negative)/ [ICRA]A2	-	-
5 Non-fund based facilities	Short term	50.0	[ICRA]A2	[ICRA]A2	[ICRA]A2	-	-	-
6 Interchangeable - Fund based/Non-fund based facilities (sublimit)	Short term	(50.0)	[ICRA]A2	[ICRA]A2	[ICRA]A2	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term/Short term fund based/Non-fund based	Simple
Long term fund based term loan	Simple
Long term fund based limits	Simple
Short term non-fund based facilities	Very Simple
Short term interchangeable - Fund based/Non-fund based facilities (sublimit)	Very 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
NA	Fund based/Non-fund based limits	NA	NA	NA	100.0	[ICRA]BBB+(Negative)/[ICRA]A2
NA	Fund based – Term loan	Oct-2023	NA	Oct-2030	225.0	[ICRA]BBB+(Negative)
NA	Fund based – Term loan	Nov-2025	NA	Dec-2030	100.0	[ICRA]BBB+(Negative)
NA	Fund based limits	NA	NA	NA	5.50	[ICRA]BBB+(Negative)
NA	Non-fund based facilities	NA	NA	NA	50.0	[ICRA]A2
NA	Interchangeable - Fund based/Non-fund based facilities (sublimit)	NA	NA	NA	(50.0)	[ICRA]A2
NA	Long term/Short term unallocated limits	NA	NA	NA	0.25	[ICRA]BBB+(Negative)/[ICRA]A2

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Annexure II: List of entities considered for consolidated analysis: Not Applicable

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