

January 28, 2026

Indofil Industries Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital	825.00	843.00	[ICRA]AA- (Stable); Reaffirmed
Long-term – Fund-based – Term loan	115.43	22.15	[ICRA]AA- (Stable); Reaffirmed
Long-term/Short-term – Unallocated limits	959.57	1,034.85	[ICRA]AA- (Stable)/[ICRA]A1+; Reaffirmed
Short-term – Non-fund based- Others	228.00	228.00	[ICRA]A1+; Reaffirmed
Total	2,128.00	2,128.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of ratings of Indofil Industries Limited (IIL) factors in its established market position in the Indian agrochemical market, supported by its wide product portfolio, strong brand presence, large distribution network and geographical presence in both the domestic and international markets. The ratings also account for the company's capability to manufacture both technicals and formulations. Further, backward integration into manufacturing the major raw material carbon disulfide provides raw material security. The ratings also factor in its increasing focus on differentiated and sustainable agri-solutions, new product registrations and product development as well as capacity expansion in the specialty segment, which are expected to be the primary drivers for the revenue and profits, going forward.

The ratings also consider the company's strong operational and financial performance in FY2025. It maintained high capacity utilisation and delivered robust revenue growth, while maintaining profitability metrics, leveraging its extensive distribution network to successfully introduce new products. The financial risk profile of the IIL Group continues to be strong, reflected in the healthy capitalisation and coverage metrics with gearing of 0.04x and total debt/OPBDITA of 0.43x on account of low debt and healthy profitability. The Group's operating margin has stayed healthy over the years, aided by backward integration. The debt protection metrics continue to be strong, owing to low debt and healthy profitability. The interest coverage ratio remains healthy, and the liquidity has been supported by robust cash & cash equivalents.

The ratings are, however, constrained by significant revenue contribution from a single molecule – Mancozeb technical and its formulations (accounting for ~43% of the revenues in FY2025) and the regulatory risks associated with it. However, Mancozeb's share in total revenue has declined from ~47% in FY2024 as the company expanded its specialty segment and diversified into new products. The ratings are also constrained by the relatively high working capital intensity of the business, intense competition in the industry that limits the pricing flexibility of the industry participants, including IIL, and the susceptibility of operations to any adverse regulatory development. Moreover, its revenues and profitability remain vulnerable to agroclimatic conditions and volatility in raw material prices.

ICRA notes the ongoing dispute within the K.K. Modi family. According to the management, the conflict doesn't have any impact on the operations of IIL. However, any adverse developments affecting its operations and financial risk profile will remain a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that IIL will continue to benefit from its established market position in the domestic and overseas agrochemical markets. Further, the company is likely to sustain its operating

metrics. The outlook underlines ICRA's expectation that the entity's incremental capital expenditure (capex), which will help expand the product portfolio and capacity, 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 position in agrochemical industry – The group has been operating in the agrochemical industry since 1962 and has a track record of over five decades, supported by an established market position. IIL has presence in the technicals and formulation segments. The company's product portfolio spans various categories, mainly fungicides, insecticides, herbicides as well as specialised solutions such as plant growth nutrition products, plant growth regulators and specialty chemicals. It is a major producer of mancozeb, a widely used fungicide, and holds the position of being the third-largest player in India in this segment. Its expertise and strong market presence have enabled it to maintain a leadership position in the agrochemical domain, catering to diverse agricultural needs both domestically and internationally.

Wide distribution network, low customer concentration risk and established relationship with reputed customers – IIL has expanded its presence in key markets such as Brazil, Europe and Asia-Pacific through expansions and a strong distribution network serving both large enterprises and individual farmers in over 120 countries. It has established a wide distribution network in India comprising around 25 warehouses and more than 4500 preferred dealers/distributors spread across the country. The company supplies its products in local and overseas locations and has a long-standing relationship with reputed customers, with top 5 customers contributing around 12% of the total revenue in FY2025.

Healthy profitability margin with increasing scale of operations – IIL has reported healthy revenue growth, with revenues increasing to ₹3,325 crore in FY2025 from ₹2,429.7 crore in FY2021, reflecting a compound annual growth rate (CAGR) of approximately 6.5%. The company has also maintained robust operating margins in the range of 14–20% over the period on a consolidated basis, with margins of 16.7% in FY2025.

Comfortable financial profile – IIL's financial risk profile remains comfortable, characterised by healthy cash generation, low debt levels and a robust liquidity position. The company's capitalisation and coverage metrics are still strong, with gearing levels of 0.04x in FY2025. The interest coverage improved to 21.7 times in FY2025 from 11.4 times in FY2024. The liquidity profile remains comfortable, with nearly Rs. 596 crore of cash and cash equivalents at the end of FY2025.

Credit challenges

Exposure to highly regulated and competitive agrochemical industry and raw material price volatility – The agrochemical industry is marked by heavy fragmentation with the absence of any key player having a sizeable market share. As a result, the company remains exposed to pricing pressure, which constrains its ability to further increase its margins.

The crop protection sector continues to be susceptible to various environmental rules and regulations in different countries. IIL sells its products in more than 120 countries across the world, with marketing and distribution units spread across various locations. Considering the nature of the product usage, registration, consequent environmental impacts, etc., it is required to comply with various local laws, rules and regulations and operate under a strict regulatory environment. Thus, the infringement of any laws and any significant adverse change in the regulatory policies can have consequences on the operations of the company.

IIL procures raw materials both from domestic sources as well as through imports. Dependence on imports for its raw material requirement exposes it to possible risks arising from global supply chain disruption, price fluctuations, changes in trade conditions and geopolitical events.

Working capital-intensive operations – The pesticide industry requires elevated working capital investment due to high inventory holding and longer credit period on sales due to the commoditised products and seasonality factor. IIL generally extends credit of ~90 days to its domestic customers, whereas overseas customers usually take 270 days to make payments. Working capital intensity increased to ~35.6% in FY2025 from ~31.7% in FY2024 due to an increase in debtor days and increased closing inventory at the end of FY2025 as the company had a planned plant shutdown in April 2025 and hence had maintained high stock levels.

Operations vulnerable to varying agroclimatic conditions – The pesticide/crop protection industry derives its sales from the agricultural sector which is highly dependent on monsoons and incidence of fungal/pest attack on crops. Major fluctuations in total rainfall and its distribution affect the crop and overall productivity and have a direct correlation with sales and profitability of the pesticide industry. However, the risk is partially mitigated through the company’s wide geographical presence covering over 25 Indian states and over 120 countries, which reduces the dependence on a particular crop and minimises the adverse impact of unfavourable monsoon season or crop infection in a specific state or region.

Liquidity position: Strong

The company’s liquidity position is strong, with healthy cash flow from operations, sizeable cash and liquid investments of ~Rs. 596 crore and significant unutilised working capital limits of ~Rs. 521 crore as on March 31, 2025. As on October 31, 2025, total unutilised working capital limits were ~Rs. 531.3 crore. In FY2026, IIL has debt repayment obligations of Rs. 53.94 crore. Going forward, there are no major long-term debt repayment obligations and the projected annual capex of Rs. 120-130 crore is expected to be funded from internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a significant diversification in revenues and improvement in the working capital cycle while maintaining the operating margins and sustaining a strong financial risk profile.

Negative factors – The ratings could be downgraded if there is a considerable decline in the revenues and margins or any adverse regulatory developments related to the key molecule, Mancozeb. Moreover, a further elongation of the working capital cycle, or a sizeable debt-funded capex may put pressure on the liquidity position and result in a downward revision of the ratings. A specific credit metric for downgrade includes total debt/OPBDITA of greater than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Agrochemicals Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has consolidated the financials of the subsidiaries and the joint venture (JV) entity considering the strong operational and business linkages between Indofil Industries Limited (IIL) and its JV Indo Baijin Chemicals Pvt. Ltd. and the strategic importance of the JV to IIL, ICRA has considered the full consolidation of Indo Baijin Chemicals Pvt. Ltd. into the company, along with the other subsidiaries for its analysis. List of entities considered for consolidation is per Annexure II.

About the company

Indofil Industries Limited (IIL), incorporated in 1993, is a part of the KK Modi Group. The KK Modi Group has been in the agrochemical business since 1962. It is engaged in the manufacturing and distribution of agrochemicals and specialty and performance chemicals with an extensive distribution network and supply chain serving both large enterprises and individual farmers in over 120 countries.

IIL is present in diverse product segments of the agrochemical industry, including fungicides, insecticides, herbicides and their technicals and formulations and operates through its three manufacturing units at Dahej (Gujarat). It is among the leading manufacturers of technical-grade pesticides in India.

Key financial indicators (audited)

Indofil Industries Limited (consolidated)	FY2024	FY2025
Operating income	3,069.6	3,325.3
PAT	274.0	381.8
OPBDIT/OI	14.6%	16.7%
PAT/OI	8.9%	11.5%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	0.8	0.4
Interest coverage (times)	11.4	21.7

Source: Company, ICRA Research; 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	Amount rated (Rs crore)	Jan 28, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term – Fund-based – Working capital	Long term	843.00	[ICRA]AA-(Stable)	-	-	Jan 17, 2025	[ICRA]AA-(Stable)	-	-	-	-
Long term/Short term – Unallocated	Long term/Short term	1,034.85	[ICRA]AA-(Stable)/[ICRA]A1+	-	-	Jan 17, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	-	-	-	-
Long term – Fund-based – Term loan	Long term	22.15	[ICRA]AA-(Stable)	-	-	Jan 17, 2025	[ICRA]AA-(Stable)	-	-	-	-
Short term – Others – Non-fund based	Short term	228.00	[ICRA]A1+	-	-	Jan 17, 2025	[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Working capital – Fund-based	Simple
Long term – Term loan – Fund-based	Simple
Short term – Others – Non-fund based	Simple
Long term/Short term – Unallocated	NA

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	Long-term – Working capital – Fund-based	NA	NA	NA	843.00	[ICRA]AA- (Stable)
NA	Long-term – Fund based – Term loan – 1	Mar 2017	NA	Mar 2026	11.073	[ICRA]AA- (Stable)
NA	Long-term – Fund based – Term loan – 2	Mar 2017	NA	Mar 2026	11.073	[ICRA]AA- (Stable)
NA	Short-term – Others – Non-fund based	NA	NA	NA	228.00	[ICRA]A1+
NA	Long-term/Short-term – Unallocated	NA	NA	NA	1034.85	[ICRA]AA- (Stable)/[ICRA]A1+

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
Quick Investment (India) Ltd.	100%	Full Consolidation
Good Investment (India) Ltd.	100%	Full Consolidation
Indofil Bangladesh Industries Pvt. Ltd.	100%	Full Consolidation
Indofil –Costa Rica S.A.	100%	Full Consolidation
Indofil Industries (Netherlands) B.V.	100%	Full Consolidation
Indofil Industries International B.V.	100%	Full Consolidation
Indofil Industries DO Brazil Ltda	100%	Full Consolidation
Indofil Philippines, Inc.	100%	Full Consolidation
PT Indofil Industries Indonesia	100%	Full Consolidation
Agrowin Bioscience S.r.l.	96.55%	Full Consolidation
Indocoast International DMCC	100%	Full Consolidation
Indo Baijin Chemicals Pvt. Ltd.	51%	Full Consolidation

Source: Indofil Industries Limited annual report FY2025

Note: Considering the strong operating and business linkages between Indofil Industries Limited (IIL) and its JV Indo Baijin Chemicals Private Limited, ICRA has fully consolidated Indo Baijin Chemicals Private Limited with IIL for analysis

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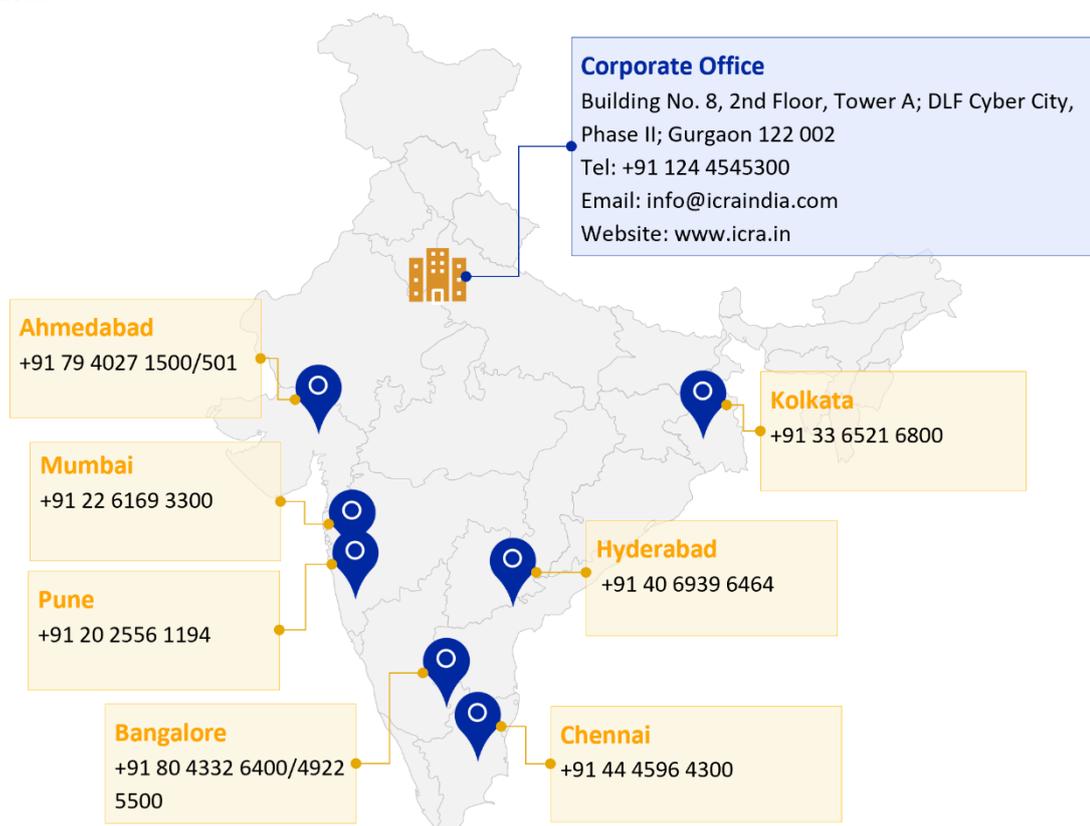
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