March 27, 2026

Intertex Private Limited: Ratings downgraded to [ICRA]BB (Stable)/[ICRA]A4

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based- Cash credit	10.00	10.00	[ICRA]BB (Stable); Rating downgraded from [ICRA]BB+ (Stable)
Long-term – Interchangeable	(6.00)	(6.00)	[ICRA]BB (Stable); Rating downgraded from [ICRA]BB+ (Stable)
Short term - Non-fund based - Letter of Credit	115.00	115.00	[ICRA]A4; Rating downgraded from [ICRA]A4+
Total	**125.00**	**125.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings downgrade for Intertex Private Limited (IPL) factors in the continued decline in its scale of operations, with revenue and earnings moderating over the past few years, and ICRA's expectation of continued volatility in the same over the near term. Given the trading nature of the business and high dependence on imports, the company remains exposed to global commodity price movements and ongoing geopolitical uncertainty. These factors, along with prolonged monsoons, impacted domestic demand, resulted in revenue moderation to Rs. 183.7 crore and Rs. 85.7 crore in FY2025 and 10M FY2026, respectively. Operating margins also moderated to 0.9% in FY2025 (similar level in 10M FY2026) from 2.4% in FY2024. The modest net worth base and high creditor levels exert pressure on the company's leverage and coverage indicators. The ratings also factor in intense competitive pressures and a trading-led model that limits profitability and adds revenue volatility. Further, high supplier and customer concentration, along with exposure to forex fluctuations due to import dependence, persist. Nonetheless, the company's ability to pass on the costs mitigates this risk to some extent. ICRA notes the continued presence of sizeable receivables from a customer that is under financial stress. Any significant provisioning or write-offs against the same, and the resultant impact on the company's credit metrics, will remain a key monitorable.

However, the ratings factor in IPL's established operational track record and the extensive experience of its promoters in the bulk trading of multiple commodities, enabling it to secure repeat orders from customers. ICRA also notes the adequate risk management practices, which mitigate pricing and inventory risks for the company to an extent, and its adequate liquidity position, which supports its credit profile.

The Stable outlook on the long-term rating reflects ICRA's opinion that IPL will continue to benefit from its established operational track record and stable demand outlook for the commodities in which it trades, supporting its operations.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in bulk trading business of various commodities – Incorporated in 1982, IPL is involved in trading bulk commodities such as coal, iron ore, and shredded scrap. The company benefits from the extensive experience of its promoters and their established operational track record, which helps secure repeat orders from customers.

Adequate risk management policy mitigates pricing and inventory risks – IPL has adopted stringent compliance and risk management practices, including entering agreements with buyers to facilitate the import of materials. The company procures materials only after entering into firm supply arrangements with customers, along with an interest-free advance of 10-20% of the order value. As per the terms of the contracts with customers, all costs of service providers at the loading and discharge ports, customduties, as well as forex variations are to be borne and paid by the buyer. The materials are supplied on a cash-and-carry basis to customers, while the advance deposit is settled only at the time of lifting of the last batch of shipment. Also, the customer must complete the lifting within the agreed period of 90-180 days. Alternatively, IPL will have the right to assign or sell the cargo to any third party and can forfeit the advance to recover damages, charges, and losses, if any, on such sale. Stringent contract terms mitigate counterparty risk to an extent.

Credit challenges

Modest scale of operations with volatility in revenue – IPL's scale of operations continues to remain modest, as reflected by further moderation in revenue to Rs. 183.7 crore and Rs. 85.7 crore in FY2025 and 10M FY2026, respectively. However, execution of the orders in the pipeline is likely to support revenue growth to some extent by the end of the fiscal. Also, given the trading nature of the company's operations, volatility in its revenues is expected to sustain in the business. However, the moderate scale, coupled with its order-driven business model, results in limited economies of scale for the company.

High leverage due to reliance on creditors' funding – IPL's high reliance on creditors and working capital limits from banks and low net worth base, has led to relatively higher leverage levels, as indicated by TOL/TNW of 3.7 times as on March 31, 2025. This is also accentuated by weak profitability owing to the trading nature of its operations. ICRA expects leverage levels to continue to remain high over the near-to-medium term, owing to high dependency on creditor and bank funding required for import purchases under the letter of credit (LC) facility from the bank, a low net worth position, and modest profitability.

Weak profit margins due to trading nature of business, intense competition and vulnerability to adverse forex rates – The company's profitability remains weak, restricted by the trading nature of its business, with no value addition. IPL also faces intense competition from numerous organised and unorganised trading houses, further limiting its pricing flexibility and bargaining power with customers. Also, high import dependence exposes the company to adverse foreign exchange rate fluctuations, leading to vulnerability in profit margins. However, as per the terms of the contract, any change in forex rates and charges such as customs and import duties are borne by the clients, mitigating this risk to some extent.

Exposed to high customer and supplier concentration risks – The company facilitates its customers in sourcing goods at competitive prices, while aggregating product orders and importing/sourcing bulk consignments from ssuppliers, which are pre-decided by customers. Hence, IPL faces high customer and supplier concentration risks due to bulk sales and purchases. In FY2025, its top five customers accounted for around 98% of total sales, while its top three suppliers accounted for around 65% of total purchases.

Liquidity position: Adequate

IPL's liquidity is adequate, supported by cash and bank balance and liquid investments (including encumbered balance) of around Rs. 25 crore as on January 31, 2026, along with adequate utilised bank limits. ICRA expects IPL to be able to meet its near-term commitments through internal sources of cash and debtor realisations. Moreover, the company does not have any term loan repayment obligations and capital expenditure (capex) plans in the near-to-medium term, which provides further support to its liquidity.

Rating sensitivities

Positive factors – ICRA is likely to upgrade IPL's ratings if any sustained improvement in its scale of operations and profit margins or infusion of funds as capital, strengthens the net worth base.

Negative factors – Pressure on IPL's ratings may arise if there is considerable pressure on revenue and earnings, and/or if any cash flow mismatches weaken the company's liquidity position and credit metrics.

Analytical approach

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

About the company

IPL, incorporated in 1982, is involved in the trading of various bulk commodities, such as iron ore, steel products, coal, and others. It mainly imports products against confirmed orders from buyers and aggregates the total requirement of its customers by importing materials in bulk to achieve economies of scale in procurement. The company is managed by members of the Sanghai family, who have been involved in this business since the early 2000s.

Key financial indicators (audited)

IPL – Standalone	FY2024	FY2025
Operating income	203.8	183.7
PAT	1.6	1.4
OPBDITA/OI	2.4%	0.9%
PAT/OI	0.8%	0.8%
Total outside liabilities/Tangible net worth (times)	6.3	3.7
Total debt/OPBDITA (times)	9.9	25.4
Interest coverage (times)	0.8	0.5

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)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based limits – Cash credit	Long Term	10.00	27-Mar-2026	[ICRA]BB (Stable)	08-Jan-2025	[ICRA]BB+ (Stable)	30-Nov-2023	[ICRA]BB+ (Stable)	28-Sep-2022	[ICRA]BB+ (Stable)
Interchangeable	Long Term	(6.00)	27-Mar-2026	[ICRA]BB (Stable)	08-Jan-2025	[ICRA]BB+ (Stable)	30-Nov-2023	[ICRA]BB+ (Stable)	28-Sep-2022	[ICRA]BB+ (Stable)
Non-fund-based limits – Letter of Credit	Short-term	115.00	27-Mar-2026	[ICRA]A4	08-Jan-2025	[ICRA]A4+	30-Nov-2023	[ICRA]A4+	28-Sep-2022	[ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based- Cash credit	Simple
Long-term – Interchangeable	Simple
Short term - Non-fund based - Letter of Credit	Simple

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 limits – Cash credit**	-	-	-	10.00	[ICRA]BB (Stable)
NA	**Long term – (Interchangeable)**	-	-	-	(6.00)	[ICRA]BB (Stable)
NA	**Non-fund-based limits – Letter of Credit**	-	-	-	115.00	[ICRA]A4

Source: Company

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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