

December 23, 2025

Intech Organics Limited: Ratings downgraded to [ICRA]BBB- (Negative)/[ICRA]A3 and outlook revised to Negative from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Cash credit - Fund based	133.90	133.90	[ICRA]BBB- (Negative); downgraded from [ICRA]BBB+(Stable); outlook revised to Negative from Stable
Long term - Term loan - Fund based	61.16	61.16	[ICRA]BBB- (Negative); downgraded from [ICRA]BBB+(Stable); outlook revised to Negative from Stable
Short term – Others – Non-fund based	57.25	57.25	[ICRA]A3; downgraded from [ICRA] A2
Long term/Short term - Unallocated	33.69	33.69	[ICRA]BBB- (Negative)/[ICRA]A3; downgraded from [ICRA]BBB+(Stable)/[ICRA]A2; outlook revised to Negative from Stable
Total	286.00	286.00	

*Instrument details are provided in Annexure-I

Rationale

The downgrade of the ratings assigned to the bank lines of Intech Organic Limited (IOL/the company) reflects an expected weakening of the company's credit metrics in FY2026 because of the large debt-funded capex being undertaken to set up a 14,000-MTPA bromine manufacturing facility under its wholly-owned subsidiary, Intech Brinechem Limited (IBL), at a capital outlay of Rs. 540 crore.

The company's liquidity position has also been weakening on a standalone basis owing to the elongated receivables due from its subsidiary, Intech Organic (FZE) {Intech FZE}. As on March 31, 2025, IOL's total receivables were ~Rs. 206 crore out of which Rs. ~87-crore receivables are pending from Intech FZE as on September 30, 2025. As a result, IOL's standalone working capital cycle remained elongated in FY2025 and H1 FY2026. At a consolidated level, too, the working capital cycle continued to increase in FY2025 and H1 FY2026 as the company has entered new geographies where it has to offer longer credit periods to establish its market presence.

Further, the company made a sizeable payout in remuneration to the key management personnel (KMP) in one of its subsidiaries, resulting in a moderation of the profitability at a consolidated level in FY2025. Given the receivable build-up, IOL's liquidity position is expected to remain tightly matched with the near-term funding requirements. ICRA expects IOL's credit profile to remain subdued in FY2026 and start improving FY2027 onwards.

The ratings continue to factor in IOL's established presence and leading position in the methyl bromide (MeBr) market, and the significant experience of its promoters in fumigation services through Group company, Pest Kare (India) Private Limited (PKIPL). This has resulted in an established customer base. Further, ICRA factors in the high entry barriers in the MeBr industry. The scale and profit generation is expected to improve with the addition of the planned bromine derivatives, once the bromine capacity in Rajasthan becomes operational. As the bromine capacity comes online, it should improve the cost structure and lead to consistent supply of raw materials as well.

MeBr continues to be the flagship product for IOL, as the volumes grew in FY2025 on the back of healthy demand for the chemical. Aluminium phosphide (ALP) sales are steadily ramping up and the company is also venturing into downstream bromine derivatives which should help diversify its product mix and reduce IOL's dependence on MeBr, given the restricted use of the chemical and its ozone-depleting characteristics.

The ratings are constrained by the vulnerability of profitability to changes in raw material prices and the adverse exchange rate movement. ICRA also continues to factor in the stringent regulations for MeBr as it is a highly toxic product that requires specialised storage and handling infrastructure. The demand for the company's products remains dependent on the regulatory environment as the use of MeBr is restricted under the Montreal Protocol.

The ratings are also constrained by project execution risk associated with the large debt-funded capex for the bromine manufacturing capacity. This is expected to moderate the credit metrics for IOL on a consolidated basis. ICRA notes that IOL has raised Rs. 350 crore of NCDs from a private credit lender which entails a fixed coupon of 11% per annum payable quarterly compounded monthly. The NCD issue also involves an assured internal rate of return (IRR) of 13.42%-14.93% for the two tranches of NCDs sanctioned by the lender, along with upfront fee payments and prepayment premium. The cost of borrowing on these NCDs is higher than ICRA's previous expectations. ICRA notes that there is a principal moratorium of 2 years for tranche-1 of Rs. 250 crore and a 4-year moratorium on tranche-2 of Rs. 100 crore, which should allow the company to ramp up its cash flows from the bromine project, before the repayments start. However, the repayments thereafter are condensed into shorter time spans of two years for tranche-1 and 1 year for tranche-2, resulting in high repayment obligations from FY2028.

The Negative outlook reflects ICRA's expectation that the credit profile and liquidity position of IOL will remain constrained in the near to medium term given the sizeable capex underway and the elongation of the receivable cycle at the standalone level.

Key rating drivers and their description

Credit strengths

Experience of promoters in fumigation services – IOL, incorporated in 1999, began manufacturing MeBr in 2004. The current promoters took over the company in 2007 from the original promoters. IOL also has a group company which is involved in the business of fumigation services and trading of fumigants.

High entry barriers and lack of effective alternatives; market leadership position – IOL manufactures MeBr, the use of which is regulated by the Montreal Protocol. As per the treaty, the production of MeBr must be carried out in a very controlled environment and the product can be used for quarantine pre shipment (QPS) services only. Hence, it is very difficult for new entrants in the industry to establish a foothold in this segment. The lack of effective alternatives for QPS provides favourable prospects for MeBr. However, any change in the regulatory policy would be a key monitorable. Moreover, IOL has a market leadership position globally in this segment. The total global market size is estimated at 15-16,000 MT of which IOL supplies around 3,000-4,000 MT, translating into a healthy market share.

New products may reduce dependence on MeBr, leading to diversification of revenue base – IOL is venturing into new bromine derivatives, which will not only provide new avenues of growth, but will also help diversify from MeBr. The company, under its subsidiary, is also setting up a bromine unit, which will act as backward integration for these products. The project has been delayed due to delay in financial closure but once the production of elemental bromine starts (April 2026), the operating and financial performance is expected to improve.

Credit challenges

Sizeable debt-funded capex for bromine facility, exposing company to project implementation risks; debt metrics to moderate in the near to medium term – IOL, under its subsidiary, is setting up a Rs. 540-crore bromine manufacturing unit in the Rann of Kutch. This project is proposed to be funded by an equity of Rs. 190 crore (of which Rs. 140 crore will be infused by the promoters and the balance would come from IOL's cash flows) and the balance through a debt of Rs. 350 crore raised from a private credit lender. The sizeable debt addition is likely to impact the company's debt metrics in FY2026. Further, the Rs. 350-crore raised in the form NCDs have higher-than-expected interest rates with IRRs ranging from 13.42% to 14.93%. However, as the production ramps up for downstream projects as well as for bromine, the cash accruals are expected to get better, improving the debt metrics gradually, going forward.

Elongated working capital cycle, resulting in weakening of liquidity - The company’s working capital intensity has increased on a consolidated basis as the company ventures into newer markets and has to extend elongated payment terms to customers. Further, the company has been holding higher inventories as it looks to capitalise on any opportunistic sale that might arise. On a standalone level, IOL has sizeable receivables from group company Intech Organics FZE as well which has resulted in an elongation of the working capital cycle.

Strong regulatory control over product and its usage – IOL operates in an industry characterised by stringent Government regulations as it deals with a highly toxic product that requires specialised storage and handling infrastructure. The demand for the company’s products remains dependent on the regulatory environment as the use of MeBr is restricted under the Montreal Protocol. While the company has made attempts to diversify its product portfolio, further diversification of its product portfolio will remain a key monitorable.

Profitability vulnerable to foreign exchange risk and volatility in raw material prices– The key raw material required to manufacture MeBr is bromine, which constitutes about 80% of the raw material cost. The company procures bromine from Dead Sea-Albemarle Europe SPRL (Albemarle), a Belgium-based company, as well as from one of the domestic manufacturers to meet its requirements. This dependence should reduce steadily with the company setting up its own bromine manufacturing facility.

Liquidity position: Adequate

IOL’s liquidity position is expected to remain adequate in the near to medium term on expectation of no incremental working capital requirements in FY2026 amid stable revenues and working capital intensity. The debt tie-up for the ongoing capex and the incoming equity infusion of Rs. 100 crore by the promoters to fund the equity commitment towards the capex will keep the liquidity position adequate. The company had healthy cash and bank balances as on September 30, 2025, part of which will be used to fund the ongoing capex.

Rating sensitivities

Positive factors- ICRA could revise the outlook to Stable if the equity infusion of funds by the promoters is on time and the project gets completed within the timeline and planned capital outlay. The rating thereafter may be upgraded if there is a sustained improvement in the scale of operations and earnings, which would shore up of the liquidity position and strengthen the leverage and coverage metrics.

Negative factors – ICRA may downgrade the ratings if the working capital cycle moderates further which would impact the liquidity position, and/or if the bromine project faces any time/cost overruns. A sustained moderation in the company’s revenue and profits, resulting in a weakening of the leverage and coverage metrics, may also result in a downgrade. Any adverse regulatory change could also trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of IOL with its subsidiaries as mentioned in Annexure II, given the common management and significant operational and financial linkages among them

About the company

IOL, incorporated in 1999, commenced the commercial production of MeBr in 2004. The name and corporate status of the company was changed from Intech Pharma Private Limited in September 2017. The gas is primarily used for the fumigation of commodities (rice, wheat and other foodgrains) or other materials that are packed in wooden containers and are prone to infestation by pests. The current promoter, Mr. Navanshu Saharan, took over the company in 2007 from the original promoters. IOL is an associate company of PKIPL, a company promoted by the Saharan family, which is involved in the business of fumigation services and trading of fumigants. PKIPL provides services such as vessel on-board fumigation, container fumigation, empty shiphold fumigation, bulk/bagged commodity fumigation and factory/plant fumigation.

Key financial indicators

Consolidated	FY2024	FY2025	H1FY2026*
Operating income	340.8	362.7	146.2
PAT	40.0	14.4	0.5
OPBDIT/OI	23.0%	17.4%	12.4%
PAT/OI	11.7%	4.0%	0.4%
Total outside liabilities/Tangible net worth (times)	1.0	1.4	2.3
Total debt/OPBDIT (times)	2.2	4.7	14.7
Interest coverage (times)	4.4	2.9	1.2

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore, *-Provisional numbers

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	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Dec 23,2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	133.90	[ICRA]BBB-(Negative)	Sep 24, 2024	[ICRA]BBB+(Stable)	Jul 24, 2023	[ICRA]BBB+(Stable)	May 05, 2022	[ICRA]BBB+(Stable)
				Oct 17, 2024	[ICRA]BBB+(Stable)	-	-	-	-
Unallocated limits	Long term/Short term	33.69	[ICRA]BBB-(Negative)/[ICRA]A3	Sep 24, 2024	[ICRA]BBB+(Stable)/[ICRA]A2	Jul 24, 2023	[ICRA]BBB+(Stable)/[ICRA]A2	May 05, 2022	[ICRA]BBB+(Stable)/[ICRA]A2
				Oct 17, 2024	[ICRA]BBB+(Stable)/[ICRA]A2	-	-	-	-
Fund based - Term loan	Long term	61.16	[ICRA]BBB-(Negative)	Sep 24, 2024	[ICRA]BBB+(Stable)	Jul 24, 2023	[ICRA]BBB+(Stable)	May 05, 2022	[ICRA]BBB+(Stable)
				Oct 17, 2024	[ICRA]BBB+(Stable)	-	-	-	-
Non-fund based - Others	Short term	57.25	[ICRA]A3	Sep 24, 2024	[ICRA]A2	Jul 24, 2023	[ICRA]A2	May 05, 2022	[ICRA]A2
				Oct 17, 2024	[ICRA]A2	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund based – Term loan	Simple
Long term fund based – Cash credit	Simple
Short term – Non-fund based - Others	Simple
Long term/Short term - Unallocated	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	Term loan	FY2020 – FY2024	8%-10% p.a.	FY2025 - FY2031	61.16	[ICRA]BBB- (Negative)
NA	Cash credit	NA	NA	NA	133.90	[ICRA]BBB- (Negative)
NA	Non-fund based limits	NA	NA	NA	57.25	[ICRA]A3
NA	Unallocated	NA	NA	NA	33.69	[ICRA]BBB- (Negative)/[ICRA]A3

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
Intech Organics Limited	100.00% (rated entity)	Full consolidation
Intech Brinechem Limited	100%	Full consolidation
Intech Australia Pty Limited	100%	Full consolidation
Aarsh Trading BV	100%	Full consolidation
Intech Organics FZE	100%	Full consolidation
Intech organics General Trading LLC	100%	Full consolidation
Sonkamal Salt Private Ltd	100%	Full consolidation
Pearl Salt Works	50%	Full consolidation
Intech Specialties UK Ltd	100%	Full consolidation
Intech Organics USA Inc.	100%	Full consolidation

Source: Company financial statements

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