

July 06, 2026

Alkali Metals Limited: Ratings reaffirmed; Outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based- Cash Credit	18.00	18.00	[ICRA]BB+(Stable); reaffirmed and Outlook revised to Stable from Negative
Short term non-fund based facilities	7.00	7.00	[ICRA]A4+; reaffirmed
Total	25.00	25.00	

*Instrument details are provided in Annexure II

Rationale

The revision in the outlook on the long-term rating of Alkali Metals Limited (AML) to Stable from Negative factors in the improved financial profile in FY2026 compared to FY2025 and the expected sustenance of the same going forward, supported by an improved product mix. The company reported operating margins of 8.3% in FY2026, after reporting operating losses in FY2025.

The reaffirmation of the ratings factors in Alkali Metals Limited's (AML/the company) long track record of manufacturing sodium derivatives for more than three decades and its diverse product portfolio, with a presence in sodium derivatives, pyridine derivatives, fine chemicals and active pharmaceutical ingredients (APIs). The profitability was supported by a strong performance in Q4 FY2026, driven by higher turnover and a favourable product mix. The ratings also factor in the company's healthy capital structure, with a gearing of 0.4 times as on March 31, 2026, owing to moderate debt levels, with the debt being primarily working capital in nature.

The ratings are, however, constrained by AML's modest scale of operations, low return indicators with a low RoCE on account of low capacity utilisation, and high working capital intensity owing to elevated inventory levels. Inventory days remain elevated given the multi-stage production requirement for some products, and creditors remain high due to bulk procurement of raw materials, including imported sodium metal, to benefit from lower prices.

ICRA also notes the company's modest scale of operations, with revenues of Rs. 93 crore in FY2026. The ratings also factor in the exposure of profitability to foreign exchange fluctuations (as exports account for a significant portion of AML's total sales) and volatility in raw material prices.

The Stable outlook reflects ICRA's expectation that the improvement in AML's financial profile will be sustained going forward.

Key rating drivers and their description

Credit strengths

Diverse product portfolio with extensive track record in manufacturing sodium derivatives – AML manufactures products across four categories – sodium derivatives, pyridine derivatives, fine chemicals and pharmaceutical APIs. AML has an extensive track record of more than three decades in manufacturing sodium derivatives, such as sodium amide, sodium azide and sodium hydride. Sodium derivatives have been the company's major products.

Healthy capital structure – The company’s capital structure remained healthy, with a gearing of 0.4 times as on March 31, 2026, owing to moderate debt levels, with the debt being primarily working capital in nature. As on March 31, 2026, the promoters held a 69.6% equity stake in the company, of which around 30.1% was pledged or encumbered, which could weigh on the company’s financial flexibility.

Credit challenges

Modest scale of operations – The operating income improved to Rs. 93.0 crore in FY2026; however, it remained at a modest level. There has been a continuous effort to develop new products and commercialise them on a campaign basis. However, the revenues are likely to remain range-bound in the near term, given the low capacity utilisation and the absence of any major expected ramp-up.

Low return indicators – AML reported a positive operating profit in FY2026 compared to losses in FY2025; however, the RoCE continues to be modest given the low capacity utilisation and lower margins. The Visakhapatnam unit was commissioned in 2011-2012 to manufacture APIs and fine chemicals. However, the capacity utilisation has remained significantly low, impacting revenue and profitability.

Working capital-intensive nature of operations – The working capital intensity has been high over the years owing to high inventory requirements. As a result, the utilisation of the sanctioned working capital limits continues to be elevated. Inventory days are high as AML maintains a buffer inventory to meet sudden export orders, along with the long processing time arising from the various stages of the manufacturing process. Inventory levels are also high owing to the long lead time for imported raw materials. The company primarily imports sodium metal and pyridine.

Further, exports account for the majority of the revenue, which makes profitability vulnerable to forex rate fluctuations. However, the imports provide a natural hedge to some extent. The company does not hedge its net forex exposure and, thus, remains exposed to the forex rate movements for the unhedged portion.

Environmental and social risks

AML, being present in the chemical industry, is exposed to the risk of tightening environmental and safety regulations. However, as per discussions with the entity, AML has been compliant with environmental regulations. The company has five decades of experience in handling extremely hazardous processes and products involving sodium-based compounds and pyridine derivatives.

Further, operating responsibly is imperative, and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community, which could manifest in the form of protests, constraining the company’s ability to operate or expand capacity. AML has not experienced or reported any incident suggestive of safety lapses at its manufacturing facilities over the past several years, and its ability to maintain manufacturing controls will remain monitorable.

Liquidity position: Stretched

AML’s liquidity position is stretched due to the limited cushion available in the working capital limits and low cash balances. The liquidity position is stretched, with high average utilisation of working capital limits at 95% of the sanctioned limits between April 2025 and March 2026 due to high inventory levels. The company has no debt repayment obligations in FY2027. The liquidity position is expected to remain stretched due to high inventory levels, a limited buffer in sanctioned fund-based working capital limits, regular maintenance capex and consistent annual dividend payouts. The company also received a sanctioned ECLGS (Emergency Credit Line Guarantee Scheme) loan of Rs. 3.5 crore, which is expected to enhance liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade AML’s ratings if the company shows a significant scale-up of operations, along with an improvement in its profitability and net worth on a sustained basis while maintaining comfortable debt coverage metrics and liquidity.

Negative factors – ICRA could downgrade AML’s ratings if there is a decline in revenue or profitability, deterioration in the working capital cycle, or a large debt-funded capital expenditure impacting the liquidity position. A credit metric that could lead to a downgrade includes interest coverage below 2.5 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	Standalone

About the company

Alkali Metals Limited (AML) was set up in 1968 as a joint venture with Andhra Pradesh Industrial Development Corporation Limited (APIDCL). Initially, the company produced sodium metal, but it exited this business in 1989 as rising power costs made the manufacture of sodium metal unviable. Subsequently, it diversified into manufacturing derivatives based on sodium metal, picoline and other cyclic compounds. Its products can be classified as sodium derivatives, amino pyridines, fine chemicals and APIs. Its products are sold primarily to pharmaceutical companies for further processing and conversion into bulk drugs.

Key financial indicators (audited)

	FY2025	FY2026*
Operating income	82.3	93.0
PAT	-5.8	0.6
OPBDITA/OI	-0.9%	8.3%
PAT/OI	-7.0%	0.6%
Total outside liabilities/Tangible net worth (times)	1.1	1.1
Total debt/OPBDITA (times)	-24.3	2.3
Interest coverage (times)	-0.3	3.6

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; *Results; 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 (FY2027)			Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	July 06, 2026	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024
				June 5, 2025	Dec 5, 2024	Nov 19, 2024	Dec 05, 2023
1 Cash credit limits	Long term	18.0	[ICRA]BB+(Stable)	[ICRA]BB+ (Negative)	[ICRA]BB+ (Negative)	[ICRA]BB+ (Negative)	[ICRA]BB+(Stable)
2 Non-fund based	Short term	7.0	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+
3 Unallocated limits	Long term/ Short term	-	-	-	-	[ICRA]BB+ (Negative)/ [ICRA]A4+	[ICRA]BB+(Stable)/ [ICRA]A4+
4 Term loan	Long term	-	-	-	-	-	[ICRA]BB+(Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Non-fund based facilities	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	NA	NA	NA	18.00	[ICRA]BB+(Stable)
NA	Non fund-based limits	NA	NA	NA	7.00	[ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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