August 04, 2026

Intech Organics Limited: Ratings downgraded to [ICRA]BB+ (Negative)/[ICRA]A4+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term - Fund based - Cash credit	133.90	133.90	[ICRA]BB+ (Negative); downgraded from [ICRA]BBB-(Negative)	RBI
Long term - Fund based - Term loan	61.16	61.16	[ICRA]BB+ (Negative); downgraded from [ICRA]BBB-(Negative)	RBI
Short term – Non-fund based - Others	57.25	57.25	[ICRA]A4+; downgraded from [ICRA]A3	RBI
Long term/ Short term – Unallocated limits	33.69	33.69	[ICRA]BB+ (Negative)/ [ICRA]A4+; downgraded from [ICRA]BBB-(Negative)/[ICRA]A3	RBI
Total	**286.00**	**286.00**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The downgrade of the ratings assigned to the bank lines of Intech Organic Limited (IOL/the company) reflects the weakening of the company's credit metrics 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. 620 crore.

The commercial operation date (COD) for the bromine project has been delayed from April 2026 owing to delays in the disbursal of funds. The project is now expected to be partially commissioned by September 2026. The overall project cost has increased to Rs. 620 crore from Rs. 540 crore owing to changes in scope. The revised cost is proposed to be funded through Rs. 370-crore external debt and Rs. 250 crore of equity/internal accruals. The cost of borrowing remains elevated as the NCDs issued carried an interest cost of around 13%, along with upfront charges, weighing on the overall profitability. The debt repayments are expected to start FY2028 onwards.

The sizeable ongoing capex programme has necessitated continued funding support from IOL to its subsidiary, resulting in a stretched liquidity position at the standalone level and elevated utilisation of working capital limits over the last 12 months. While the promoters were initially expected to infuse a cumulative equity of around Rs. 100 crore into the project, Rs 50 crore have been infused till now and an additional Rs 75 crore will be infused going forward as indicated by the management. The additional equity inflow and a timely commissioning of the project will remain a key monitorable. Any further delays in the commissioning of the project and/or lower than expected equity inflow will put pressure on IOL's standalone liquidity as the interest costs on the project debt will continue to drain the liquidity.

The company has communicated that it is evaluating raising fresh debt from banking channels to replace the high-cost NCDs availed from the private credit lender. This fresh debt is expected to be raised post the commercialisation of the project. Hence, a timely commissioning of the project and a refinancing of the NCDs thereafter through a bank debt at a reasonable cost and with a well spread-out repayment schedule will remain a key monitorable.

In FY2025, IOL's standalone liquidity was also strained by sizeable receivables of ~Rs. 87 crore from its Dubai subsidiary IOL FZE, as well as payouts of ~Rs. 32 crore to key managerial personnel (KMP). However, as per the latest details available, receivables of Rs. 67 crore has been realised from IOL FZE, thus providing some cushion to the liquidity. However, ICRA expects the liquidity position of the IOL Group and the overall credit metrics to continue to be subdued in the near term amid the ongoing capex. The refinancing of the NCDs through bank debt will remain critical to support an improvement in the Group's credit profile and liquidity position.

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 a consistent supply of raw materials as well.

Although there were some availability issues for bromine in FY2026 resulting in lower production, MeBr continues to be the flagship product for IOL. 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. As the bromine capacity comes online, the company will ramp up its volumes for bromine derivatives which are expected to have healthy profitability.

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. The sizeable capex outlay and external debt is expected to keep the credit metrics subdued in the near term.

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 stretched liquidity position.

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 15,000-16,000 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 from April 2026 and part commissioning is expected towards September 2026-end. Once the production of elemental bromine starts, the operating and financial performance is expected to improve.

Credit challenges

Sizeable debt-funded capex for bromine facility being undertaken, funded by high-cost debt– IOL, under its subsidiary, is setting up a Rs. 620-crore bromine manufacturing unit in the Rann of Kutch. This project is proposed to be funded by an equity of Rs. 250 crore (of which Rs. 50 crore has been infused by the promoters and the balance would come from additional infusion/ IOL's cash flows) and the balance through a debt of Rs. 370 crore. Although the debt metrics in FY2026 have been healthy owing to increased realisations for MeBr, the sizeable debt addition is likely to impact the company's debt metrics in FY2027 and will remain sensitive to the timely commissioning of the bromine project. Further, the Rs. 250-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 liquidity – IOL'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. At a standalone level, while the sizeable receivables from group company, Intech Organics FZE, has moderated, the overall working capital intensity continues to be elevated.

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, a 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: Stretched

IOL's liquidity position is expected to remain stretched in the near term owing to the sizeable capex being undertaken under the group which has resulted in significant cash outflow. The overall limit utilisation remains elevated at around 95% of the drawing power for the last 12 months ended May 2026. The company has tied up Rs. 120 crore of term loan for the balance capex and is also in the process of receiving around Rs. 12.6 crore under the ECLGS 5.0 facility, which will provide some cushion to the liquidity. In FY2027, the repayments are low in the range of Rs. 27-29 crore but will rise sharply FY2028 onwards at Rs. 125 crore per annum.

Rating sensitivities

Positive factors – – ICRA could revise the outlook to Stable if 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 further time/cost overruns. A sustained moderation in the company's revenues and profits, resulting in a weakening of the leverage and coverage metrics, may also result in a downgrade. Any adverse regulatory change impacting the MBR and ALP offtake could also trigger a downgrade.

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 consolidated the financials of IOL with its subsidiaries, 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 (audited)

IOL (consolidated)	FY2024	FY2025	H1 FY2026*
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

IOL (standalone)	FY2025	FY2026*
Operating income	329.3	327.5
PAT	50.7	71.3
OPBDIT/OI	25.1%	35.8%
PAT/OI	15.4%	21.8%
Total outside liabilities/Tangible net worth (times)	1.0	1.5
Total debt/OPBDIT (times)	3.4	4.5
Interest coverage (times)	4.0	2.4

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional*
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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 04, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based - Cash credit	Long term	133.90	[ICRA]BB+ (Negative)	Dec 23, 2025	[ICRA]BBB- (Negative)	Sep 24, 2024	[ICRA]BBB+ (Stable)	Jul 24, 2023	[ICRA]BBB+ (Stable)
						Oct 17, 2024	[ICRA]BBB+ (Stable)	-	-
Unallocated limits	Long term/ Short term	33.69	[ICRA]BB+ (Negative)/ [ICRA]A4+	Dec 23, 2025	[ICRA]BBB- (Negative)/ [ICRA]A3	Sep 24, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jul 24, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2
						Oct 17, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-
Fund based - Term loan	Long term	61.16	[ICRA]BB+ (Negative)	Dec 23, 2025	[ICRA]BBB- (Negative)	Sep 24, 2024	[ICRA]BBB+ (Stable)	Jul 24, 2023	[ICRA]BBB+ (Stable)
						Oct 17, 2024	[ICRA]BBB+ (Stable)	-	-
Non-fund based - Others	Short term	57.25	[ICRA]A4+	Dec 23, 2025	[ICRA]A3	Sep 24, 2024	[ICRA]A2	Jul 24, 2023	[ICRA]A2
						Oct 17, 2024	[ICRA]A2	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Long term - Fund based - Term loan	Simple
Short term – Non-fund based - Others	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	Financial sector regulator#
NA	Long term – Fund based - Cash credit	NA	NA	NA	133.90	[ICRA]BB+ (Negative)	RBI
NA	Long term – Fund based - Term loan	NA	-	FY2029	61.16	[ICRA]BB+ (Negative)	RBI
NA	Short term – Non-fund based - Others	NA	NA	NA	57.25	[ICRA]A4+	RBI
NA	Long term/ Short term – Unallocated limits	NA	NA	NA	33.69	[ICRA]BB+ (Negative)/ [ICRA]A4+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	LTHL 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: Consolidated financials

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