# Punjab Chemicals and Crop Protection Limited

September 02, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term / Short-term bank facilities | 100.00 (Reduced from 105.00) | CARE BBB+; Stable / CARE A2 | Reaffirmed |
| Short-term bank facilities | 45.00 (Enhanced from 30.00) | CARE A2 | Reaffirmed |
| Long-term bank facilities | - | - | Withdrawn |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Reaffirmation of ratings on bank facilities of Punjab Chemicals and Crop Protection Limited (PCCPL) considers PCCPL's comfortable capital structure and satisfactory debt coverage indicators, wide geographical presence and diversified product portfolio, promoters' extensive experience in the agrochemical sector, and professional management team.

However, these rating strengths are offset by customer concentration risk, exposure to risks inherent in the agrochemical sector, margins susceptible to raw material price volatility, and foreign exchange fluctuations.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the outstanding ratings of 'CARE BBB+; Stable' assigned to term loan facility with immediate effect. The above action has been taken at the request of PCCPL and 'No Dues Certificate' received from the lender that had extended the facility rated by CareEdge Ratings.

## Rating sensitivities: Factors likely to lead to rating actions

### Positive factors

- Significantly increasing revenue and profit before interest, lease rentals, depreciation, and taxation (PBILDT) resulting in cash accruals over ₹100 crore on a sustained basis.
- Improving capital structure marked by total outside liabilities to tangible net worth (TOL/TNW) below unity on a sustained basis.

### Negative factors

- Declining turnover and lower-than-envisaged PBILDT margins, resulting in dip in cash accruals below ₹75 crore on a sustained basis.
- Higher-than-envisaged debt-funded capex resulting in total debt/PBILDT over 2.50x on sustained basis.
- Any adverse outcome of ongoing matters related to statutory payments impacting the liquidity position of the company.

## Analytical approach: Consolidated

CareEdge Ratings has considered business and financial risk profiles of PCCPL in consolidation with SD AgChem (Europe) NV (SDAC), Belgium, the wholly owned overseas subsidiary company. SDAC is the marketing arm of the group in Europe with registrations for immediate supply of the company's products in the region. List of consolidated entities is mentioned as Annexure-6.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

**Outlook:** Stable

Stable outlook reflects the company's ability to maintain its healthy financial risk profile led by steady cash flow generation and absence of large debt-funded capital expenditure (capex) in the near term.

## Detailed description of key rating drivers:

## Key strengths

**Steady revenue, comfortable capital structure, and debt coverage indicators**

PCCPL reported steady total operating income (TOI) of ₹900.52 crore in FY25 (refers to April 1 to March 31) (₹934.23 crore in FY24). The company recorded ~26% increase in domestic sales, which was, offset by lower demand in the exports market. PBILDT margin declined by ~115 bps in FY25 and stood at 11.03% (FY24: 12.18%), primarily due to higher employee benefit expenses and other manufacturing costs.

In Q1FY26 (refers to April 1 to June 30), PCCPL reported net sales of ₹319.51 crore, marking an increase of ~32% Y-o-Y and 58% Q-o-Q. The growth was primarily driven by higher volumes and new product launches. In Q4FY25 (refers to January 1 to March 31), the company had strategically built-up inventory, which enabled the company to effectively meet the increased demand, supported by a favourable monsoon forecast. The PBILDT margin moderated marginally to 10.75% in Q1FY26 compared to 11.55% in Q1FY25 and 12.61% in Q4FY25.

The capital structure continues to remain comfortable with TNW of ₹360.17 crore as on March 31, 2025 (₹326.46 crore as on March 31, 2024) and overall gearing of 0.47x as on March 31, 2025 (0.38x as on March 31, 2024). Debt coverage indicators remained satisfactory with total debt to gross cash accruals (TDGCA) and interest coverage of 2.67x and 5.57x, respectively (PY: 1.57x and 5.46x). PCCPL is likely to maintain its financial risk profile supported by gradual recovery in the end-user markets.

**Wide geographical presence and diversified product portfolio**

PCCPL derived ~61% (47% in FY24) of its revenue from domestic sales and the balance 39% (53% in FY24) revenue from exports in FY25. The major export destinations are Europe, Japan, Israel, USA, and Latin America.

PCCPL also benefits from its diversified product portfolio, which is segmented into three categories, agrochemicals, performance/ specialty chemicals, and industrial chemicals.

**Extensive experience of promoters in agrochemical sector and professional management team**

The company has a track record of over four decades in manufacturing agrochemical products. Shalil Shroff (Managing Director), the second-generation promoter, has over three decades of experience in the chemical industry. Mukesh Patel (Chairman) has over four decades of experience in finance and corporate management. The promoter is supported by a qualified team of professionals. Vinod Kumar Gupta (Chief Executive Officer, CEO), a Chemical Engineer, has over two decades of experience in operations management in large petrochemicals and oleochemicals sector. Vikash Khanna (CFO) has over two decades of experience. CareEdge Ratings believes that the company will continue to benefit from experienced promoters and a professional management team.

## Key weaknesses

**Customer concentration risk**

PCCPL is exposed to customer concentration risk, as the top five customers contributed nearly 69% to TOI in FY25 (70% in FY24). The potential risk is partially offset by the fact that the company has long-term arrangements with these customers. Also, product registration challenges such as long tenor and high cost among others at customers' end, increases probability of contract renewal by the clients to a large extent. Going forward, the company is planning to add new products and customers to diversify its customer base, which remains a key rating monitorable.

**Exposure to risks inherent in agrochemical sector**

The crop-protection sector remains susceptible to environmental rules and regulations in different countries. The sector highly depends on farm income and monsoon levels. Various licenses, environmental clearances, and registrations are mandatory for the setting up of a manufacturing facility and selling its products, which involves high-cost outflow and long tenor. Hence, infringement of laws and significant adverse change in the regulatory policies or distribution of monsoon may have significant impact on PCCPL's revenues.

**Susceptibility to raw material price volatility and forex fluctuation risk**

Around 60-65% of the company's operating cost consists of raw material expenses. Rapid changes in the base chemicals market with significant adjustments to the global demand and supply chain create a volatile environment which exposes consumers like PCCPL to the raw material price volatility. Around 22-25% of its major raw materials requirements are met through imports and is exposed to foreign exchange fluctuation risk. PCCPL being a net exporter (~39% of sales), the forex risk is partly covered by natural hedge.

**Liquidity**: Adequate

PCCPL's liquidity profile is characterised by comfortable cushion in accruals against repayment obligations. Cash flows from operations are expected to adequately cover the external repayment obligations of ~₹20 crore in FY26. PCCPL fully prepaid one of the term loans Q1FY26. The average of maximum utilisation of working capital limits remained at ~80% for the past 12 months through June 30, 2025. The unutilised portion provides an additional cushion. Operating cycle elongated to 98 days in FY25 from 78 days in FY24. The company had free cash and bank of ₹13.21 crore and mutual fund investments of ₹3.61 crore as on March 31, 2025. PCCPL has ongoing matters relating to payments of statutory dues such as Income Tax, Goods and Services Tax. Any adverse outcome and its impact on PCCPL's overall financial risk profile and liquidity will be monitorable.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

**Applicable criteria**

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Pesticides & Agrochemicals
Short Term Instruments

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Commodities | Chemicals | Fertilizers and Agrochemicals | Pesticides and Agrochemicals |

Incorporated in November 1975, PCCPL was promoted by S.D. Shroff in association with Excel Industries Limited and Punjab State Industrial Development Corporation (PSIDC) in the name Punjab United Pesticides & Chemicals Limited (PUPCL), a public limited company. In March 2006, the company's name was changed to PCCPL. The company specialises in agrochemicals, which are key revenue drivers for the company (70-80%). It is into CRAMS largely for agrochemicals. CRAMS accounted ~60-70% of the revenue in the years.

| Brief Financials (₹ crore) (Consolidated) | March 31, 2024 (A) | March 31, 2025 (A) | Q1FY26 (UA) |
|---|---|---|---|
| Total operating income | 934.23 | 900.52 | 319.51 |
| PBILDT | 113.83 | 99.37 | 34.36 |
| PAT | 53.58 | 38.93 | 20.63 |
| Overall gearing (times) | 0.38 | 0.47 | NA |
| Interest coverage (times) | 5.46 | 5.57 | 8.68 |

A: Audited UA: Unaudited NA: Not applicable; Note: these are latest available financial results

| Brief Financials (₹ crore) Standalone | March 31, 2024 (A) | March 31, 2025 (A) | Q1FY26 (UA) |
|---|---|---|---|
| Total operating income | 930.55 | 898.38 | 318.59 |
| PBILDT | 112.74 | 99.43 | 34.04 |
| PAT | 54.45 | 39.77 | 20.08 |
| Overall gearing (times) | 0.36 | 0.44 | NA |
| Interest coverage (times) | 5.87 | 5.58 | 8.62 |

A: Audited UA: Unaudited NA: Not applicable; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated**: Annexure-4

**Lender details**: Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based - LT-Term Loan | | - | - | December 2027 | 0.00 | Withdrawn |
| LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC | | - | - | - | 100.00 | CARE BBB+; Stable / CARE A2 |
| Non-fund-based - ST-Letter of credit | | - | - | - | 45.00 | CARE A2 |

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Fund-based - LT-Term Loan | LT | - | - | 1)CARE BBB+; Stable (04-Apr-25) | 1)CARE BBB+; Stable (06-Sep-24) | 1)CARE BBB+; Stable (26-Dec-23)<br><br>2)CARE BBB+; Stable (06-Sep-23) | 1)CARE BBB+; Stable (30-Aug-22) |
| 2 | LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC | LT/ST | 100.00 | CARE BBB+; Stable / CARE A2 | 1)CARE BBB+; Stable / CARE A2 (04-Apr-25) | 1)CARE BBB+; Stable / CARE A2 (06-Sep-24) | 1)CARE BBB+; Stable / CARE A2 (26-Dec-23)<br><br>2)CARE BBB+; Stable / CARE A2 (06-Sep-23) | 1)CARE BBB+; Stable / CARE A2 (30-Aug-22) |
| 3 | Non-fund-based - ST-Loan Equivalent Risk | ST | - | - | - | - | 1)Withdrawn (06-Sep-23) | 1)CARE A2 (30-Aug-22) |
| 4 | Non-fund-based - ST-Letter of credit | ST | 45.00 | CARE A2 | 1)CARE A2 | 1)CARE A2 | 1)CARE A2 (26-Dec-23) | 1)CARE A2 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | (04-Apr-25) | (06-Sep-24) | 2)CARE A2 (06-Sep-23) | (30-Aug-22) |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Fund-based - LT-Term Loan | Simple |
| 2 | LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC | Simple |
| 3 | Non-fund-based - ST-Letter of credit | Simple |

**Annexure-5: Lender details**

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|---|
| To view lender-wise details of bank facilities please click here |

**Annexure-6: List of entities consolidated**

| Sr No. | Name of the entity | Extent of consolidation | Rationale for consolidation |
|---|---|---|---|
| 1 | SD AgChem (Europe) NV | Full | Subsidiary |

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

**Contact us**

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**About us:**

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