# Dharmaj Crop Guard Limited

February 18, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term bank facilities | 69.93 | CARE A-; Stable | Assigned |
| Long-term / Short-term bank facilities | 122.87 | CARE A-; Stable / CARE A2+ | Assigned |
| Short-term bank facilities | 57.20<br>(Enhanced from 40.00) | CARE A2+ | Assigned |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Rating assigned to bank facilities of Dharmaj Crop Guard Limited (DCGL) derive strength from extensive experience of promoters in agro-chemical industry, diversified product profile and reputed customer base. Rating also favourably factor-in DCGL's growing scale of operations, comfortable financial risk profile and adequate liquidity.

The rating strengths, however, are partially offset by moderate profitability, large working capital requirement and presence of the company in the highly competitive agrochemical industry. Ratings also remained constrained considering profitability susceptible to inherent regulatory and climatic conditions, and foreign fluctuation risks.

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

### Positive factors

- Growth in scale of operations marked by total operating income (TOI) of over ₹1,400 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 12% on a sustained basis.

### Negative factors

- Any significant decline in TOI and/or PBILDT margin to below 8% leading to lower-than-envisaged gross cash accruals (GCA) on a sustained basis.
- Total debt (TD) to PBILDT above 2x on sustained basis.
- Total outside liabilities to tangible net worth (TOL/TNW) above 0.80x on sustained basis.

**Analytical approach:** Standalone

**Outlook:** Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that DCGL shall continue to benefit from extensive experience of its promoters in agro-chemical industry and would maintain its comfortable financial risk profile in the near-to-medium term.

## Detailed description of key rating drivers:

### Key strengths

**Extensive experience of promoters in agro-chemical industry**

DCGL's promoters, Ramesh Talavia and Jaman Talavia, possess over three decades of experience in the agrochemical industry, which has enabled DCGL to build its brand presence and establish an extensive distribution network across both domestic and international markets. They oversee the company's overall operations. Jagdish Savaliya (Director - Technical) brings over two decades of industry experience and manages research and development, along with production at the manufacturing facility. The company's day-to-day operations are managed by a team of well-qualified and experienced key management personnel.

**Diversified product portfolio and reputed customer bases**

DCGL has a well-diversified revenue mix across branded formulations (B2C), institutional formulations (B2B) and active ingredients/technicals. In FY25, branded formulations contributed ~20% of TOI (FY24: ~26%), institutional formulations 59% (FY24: 76%) and technicals at 21%. Of the total TOI, ~94% derived from domestic market and balance from export market in FY25.

The company operates two manufacturing facilities with capacities of 8,000 metric tonnes per annum (MTPA) for technicals and intermediates at GIDC Sayakha and 25,500 MTPA for formulations at GIDC Kerala, providing scale and operational efficiency.

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

In branded formulations, DCGL has a diversified product portfolio, with top-10 brands account for 34% of segment sales in FY25 (FY24: 34%). In institutional formulations, the company has presence across 38 countries and diversified customer base with top-10 customers contributing 14% of segment sales in FY25 (FY24: 17%). In technicals, DCGL has 31 registrations, with ~30–35% of production captively consumed and the balance sold externally.
This extensive network, diversified product portfolio, and strong manufacturing capabilities provide DCGL with a competitive edge in both domestic and international markets.

**Growing scale of operations**
DCGL's TOI grew at a healthy compound annual growth rate (CAGR) of ~37% in the last five years and stood at ₹951.66 crore in FY25. Growth in TOI was supported by sales volume expansion with capacity expansion in formulation plant in FY22 and foray into technicals manufacturing in FY24.
In H1FY26 (provisional), sales momentum continued and the company reported TOI of ₹714.65 crore; a y-o-y growth of 26%. The same was led by scale up of technical plant and steady growth in other segments. CareEdge Ratings expects DCGL to sustain its growth momentum, supported by deeper market penetration in formulations and the expansion of its technicals segment, with the company increasingly targeting export markets to further drive growth.

**Comfortable financial risk profile**
DCGL's capital structure remains comfortable with a healthy TNW of ₹392.36 crore as on FY25 end (₹356.97 crore as on FY24 end) and moderate reliance on external debt, leading to overall gearing of 0.32x as on March 31, 2025 (FY24 end: 0.31x). Debt coverage indicators remained comfortable marked by PBILDT interest coverage at 5.86x and total debt to gross cash accruals (TD/GCA) at 2.16x as on March 31, 2025 (18.46x and 2.13x respectively in FY24). CareEdge Ratings envisaged DCGL to sustain its comfortable financial risk profile given no major debt-funded capex plan in near to medium term.

## Key weaknesses
**Moderate profitability**
The company's profitability is exposed to fluctuation in the price of key raw materials which are crude-oil derivatives. DCGL's profitability remained moderate marked by PBILDT margins in the range of 8 -12% in the last five years ended FY25, as along with branded products, it also has presence in the institutional segment.
DCGL's PBILDT margin moderated by 175 bps y-o-y to 7.94% in FY25 due to commercialisation of technical plant from January 2024, which led to increase in the overall fixed cost. Profit After Tax (PAT) margin also declined to 3.66% in FY25 (FY24: 6.78%) due to increased finance costs and depreciation charges. GCA stood at ₹57.78 crore in FY25 (FY24: ₹52.56 crore).
Operations of technical plant ramp-up in H1FY26 leading to rationalisation of overall cost and improvement in PBILDT and PAT margins to 11.55% and 6.99% respectively in H1FY26.

**Large working capital requirement**
DCGL's operations are working capital intensive due to requirement of holding inventory to accommodate large product basket and debtor days are impacted by seasonality associated with sales. Overall inventory days remained stable at 50-52 days while debtor days expanded from ~55 days to ~70 days for three years ended FY25. While large part of working capital requirement is being met through GCA, the company receives credit period of ~40-50 days, aiding its operations. Operating cycle stood at 64 days as on March 31, 2025 (PY: 68 days).

**Presence in the highly competitive agrochemical industry**
The agrochemical sector in India remains highly fragmented, with no single player holding a dominant market share. Intense competition from organised and unorganised players exerts pricing pressure, constraining profitability. While Indian companies largely focus on marketing generic and off-patent products with relatively lower R&D intensity, multi-national corporations continue to lead in developing patented molecules, further heightening competitive pressures.

**Profitability and revenue susceptible to inherent regulatory and climatic conditions and forex fluctuation risks**
Demand for crop protection products depends on the agriculture sector, which depends on monsoons and incidence of fungal/pest attack on crops. Any major fluctuations in rainfall and its distribution affect the crop and overall production and has a direct correlation with sales and profitability of entities operating in the industry.
In export market each country has specific registration processes across environmental rules and regulations. Non-compliance with stringent regulation may adversely impact operations including product ban.
With commencement of the technical plant, DCGL's imports has increased for some of the raw material. While DCGL has export sales, its profitability remains susceptible to foreign currency fluctuation risk, given that the company is a net importer. The company has booked forex gain of ₹0.62 crore in FY25 (FY24: ₹0.48 crore).

**Liquidity**: Adequate

DCGL's liquidity profile remained adequate marked by growing cash accruals against low debt repayment and working capital utilisation. DCGL is expected to generate GCA of over ~₹80 crore in FY26 against low term debt repayment obligation of ~₹12 crore. Average utilisation for its cash credit facility stood at ~42% for 12 months ended November 2025.

Current ratio and quick ratio stood moderate at 1.52x and 1.01x respectively as on March 31, 2025. Operating cycle remained at 64 days in FY25 (FY24: 68 days). Cashflow from operations stood at ₹35.88 crore as on March 31, 2025 (₹2.72 crore as on March 31, 2024). The company has cash and liquid investments of ₹6.69 crore as on September 30, 2025.

## Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
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 January 2015, DCGL is promoted by Ramesh Talavia, Jaman Talavia and Jagdish Savaliya. It manufactures agro-chemicals such as pesticides, insecticides, herbicides and active ingredients/technicals. It operates two manufacturing facilities with installed capacity of 25,500 MTPA for agro-chemicals formulations at GIDC Kerala plant (Ahmedabad, Gujarat) and 8,000 MTPA (5,500 MTPA of technicals and 2,500 MTPA of Active ingredients/Intermediates) at GIDC Sayakha (Bharuch, Gujarat). DCGL's shares were listed on the Bombay Stock Exchange and the National Stock Exchange in December 2022.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | H1FY26 (UA) |
|---|---:|---:|---:|
| Total operating income | 654.58 | 951.66 | 714.65 |
| PBILDT* | 63.42 | 75.54 | 82.53 |
| Profit after tax (PAT) | 44.38 | 34.84 | 49.92 |
| Overall gearing (x) | 0.31 | 0.32 | 0.38 |
| Interest coverage (x) | 18.46 | 5.86 | 10.83 |

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based - LT/ ST-Working Capital Limits | - | - | - | - | 102.75 | CARE A-; Stable / CARE A2+ |
| Fund-based/Non-fund-based-LT/ST | - | - | - | - | 20.12 | CARE A-; Stable / CARE A2+ |
| Non-fund-based-Short Term | - | - | - | - | 57.20 | CARE A2+ |
| Term Loan-Long Term | - | - | - | January 2033 | 69.93 | CARE A-; Stable |

**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 | Non-fund-based-Short Term | ST | 57.20 | CARE A2+ | - | - | - | - |
| 2 | Term Loan-Long Term | LT | 69.93 | CARE A-; Stable | - | - | - | - |
| 3 | Fund-based - LT/ ST-Working Capital Limits | LT/ST | 102.75 | CARE A-; Stable / CARE A2+ | - | - | - | - |
| 4 | Fund-based/Non-fund-based-LT/ST | LT/ST | 20.12 | CARE A-; Stable / CARE A2+ | - | - | - | - |

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/ ST-Working Capital Limits | Simple |
| 2 | Fund-based/Non-fund-based-LT/ST | Simple |
| 3 | Non-fund-based-Short Term | Simple |
| 4 | Term Loan-Long Term | Simple |

**Annexure-5: Lender details**

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

**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.

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