

DCM SHRIRAM FINE CHEMICALS LIMITED

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	30.00	CARE A-; Stable	Assigned
Short-term bank facilities	17.20	CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned a long-term rating of 'CARE A-; Stable' and a short-term rating of 'CARE A2+' to bank facilities of DCM Shriram Fine Chemicals Limited (DSFCL).

Ratings derive strength from DSFCL's established operating track record and strong financial risk profile, supported by its diversified product portfolio. The company is engaged in manufacturing intermediates, which have application in pharmaceuticals, agrochemicals, and perfumes among others. Ratings also factor in DSFCL's long-standing relationships with multiple pharmaceuticals and agrochemical manufacturers, supporting stable demand visibility.

Ratings further factor in the company's comfortable financial risk profile, underpinned by a strong capital structure in absence of term debt, which cushions the balance sheet against near-term earnings volatility.

CareEdge Ratings has considered in successful implementation of the composite Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal (NCLT), New Delhi Bench, effective from 17th December 2025, pursuant to which the chemicals business was transferred from DCM Shriram Industries Limited (DCMSR) to DSFCL. DSFCL was subsequently listed on the stock exchanges on February 17, 2026, resulting in a distinct corporate structure for the transferred business.

However, ratings remain constrained by exposure to raw material price volatility and foreign exchange fluctuations. Geopolitical uncertainties impacting pharma industries, may adversely affect demand and the company's operational performance, and will be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to diversify and significantly enhance its scale of operations above ₹500 crore with operating (profit before interest, lease rentals, depreciation and taxation [PBILD^T]) margin over 9% on a sustained basis
- Significant improvement in operational performance leading to improvement in return on capital employed (ROCE) margins above 12%

Negative factors

- Significant debt funded expansion leading to Net Debt/PBILD^T above 1.00x.
- Significant decline in operational performance of the company with interest coverage falling below 4x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings expectation that DSFCL will continue to benefit from its diversified product base, which caters to various industries. Considering absence of major debt-funded capex, leverage and coverage metrics are expected to remain comfortable over the near-to-medium-term.

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

Detailed description of key rating drivers:

Key strengths

Established track record of operations

DSFCL has a long and established track record of operations spanning over five decades, reflecting its experience and stability in the chemical manufacturing industry. The company has an installed production capacity of 21,463 tonne per annum across diversified product portfolio, enabling it to cater to a wide range of customer requirements. The company also undertakes manufacturing intermediates on contract basis for a pharma companies. Its products are widely used in manufacturing specialty chemicals that find applications in industries such as pesticides, perfumery, pharmaceuticals and the food sector. Some key products in this segment include alpha phenyl glycine chloride hydrochloride, para hydroxy phenyl glycine, para hydroxy phenyl glycine dane salt, ortho chloro phenyl glycine, and sodium phenoxy acetate. These products are primarily utilised as important intermediates in manufacturing synthetic antibiotics such as amoxicillin, ampicillin, and cephalixin.

Comfortable financial risk profile with healthy capital structure

The company's capital structure remained comfortable as of March 31, 2025, with overall gearing improving to 0.07x from 0.11x in the previous year. Low leverage profile is supported by a moderate net worth base, which provides financial flexibility and cushions balance sheet against near-term earnings volatility. In the absence of major debt-funded expansion plans, capital structure is expected to remain stable. The company's leverage indicators remain strong characterised by the company's low debt levels and strong liquidity position. Net debt remained negative owing to investments in liquid mutual funds valued at ₹22.64 crore as of March 31, 2025 (PY: ₹23.27 crore), against total debt of ₹13.35 crore (PY: ₹20.33 crore). Total debt to gross cash accruals (TD/GCA) also improved to 0.48x from 0.61x in the previous year.

Diversified consumer profile with long standing relationships

The company is engaged in manufacturing diversified portfolio of key intermediates, including para hydroxy phenyl glycine, ortho chloro phenyl glycine, benzaldehyde, and benzyl cyanide, which find extensive application across multiple end-user industries such as pharmaceuticals, agrochemicals, perfumes and flavours, paints, and dyes. This broad product mix and multi-industry presence significantly reduce dependence on a single sector and act as an effective hedge against market cyclicity and price volatility, safeguarding margins during periods of economic or industry-specific uncertainty. The company established long-standing and stable relationships with leading domestic pharmaceutical manufacturers across the country, complemented by a growing international clientele. These enduring partnerships, built on consistent quality, reliability of supply, and technical expertise, enhance revenue visibility, reinforce customer confidence, and position the company as a trusted and strategic supplier in domestic and global markets.

Key weaknesses

Moderation in profitability in FY25 with continued pressure in 9MFY26

DSFCL before demerger achieved compounded annual growth rate (CAGR) of 2.26% from FY21-FY25. Profitability levels declined from FY22 onwards owing to increase in prices of raw material. In FY25, the company reported a moderate growth of ~4% in total operating income (TOI), which increased to ₹430.23 crore from ₹413.93 crore in FY24. Improvement was supported by higher domestic sales volumes. However, revenue growth was partially constrained by rationalisation of market prices, which led to pressure on realisations and limited topline scalability despite volume growth. Profitability moderated in the year, primarily due to decline in realisations and an increase in input costs, particularly key raw materials such as methanol and sodium cyanide. Consequently, PBILDT declined to ₹33.66 crore in FY25 from ₹42.07 crore in FY24, while PBILDT margins moderated to 7.82% from 10.16%. In 9MFY26, the company's operating performance continued to remain under pressure, largely considering adverse geopolitical developments that impacted export revenues. Customers adopted a cautious procurement strategy by reducing inventories and deferring purchases. As a result, TOI declined to ~₹293 crore in 9MFY26 from ₹317 crore in 9MFY25, while PBILDT weakened sharply to ₹9.63 crore from ₹25.59 crore, leading to a significant contraction in PBILDT margins to 3.29% from 8.08%. Going forward, with expectations of stabilising global conditions and gradual rebuilding of customer inventories, the Company's operating performance is expected to improve in the medium term.

Exposure to foreign exchange fluctuation and raw material price volatility

The company primarily imports toluene, a key raw material used in the production of agrochemical, flavours, and fragrance intermediaries. To mitigate foreign exchange risk arising from imports, the company follows a prudent risk management policy, including natural hedging mechanisms and forward contracts. Accordingly, the company reported foreign exchange gains of ₹0.86 crore in FY25, lower than ₹1.06 crore in FY24, reflecting currency movements and effectiveness of hedging strategies in respective periods. Net foreign exchange gains moderated to ~₹0.37 crore in 9MFY26 from ₹0.61 crore in 9MFY25.

Apart from foreign exchange exposure, the company's operating performance in FY25 was adversely impacted by heightened volatility in input prices, as key raw materials such as methanol and sodium cyanide witnessed significant price fluctuations, which the company was unable to fully pass on to customers. Going forward, adverse movement in raw material prices, in the absence of adequate pricing power, is expected to exert pressure on operating margins in the near-to-medium term and shall remain a key monitorable.

Liquidity: Adequate

The company's liquidity profile is marked adequate with cash and bank balances including mutual fund deposits of ~₹53.3 crore as of March 2026, against nil term debt repayments. The company has modest capex requirements of ~₹8-10 crore in FY27 and FY28, which can be comfortably met from the company's internal accruals, which is expected to be in the range of ~ ₹18-25 crore and available balances. Apart from this, the company also has working capital limits average utilisation, of which ~44% for 12 months ending in January 2026, leaving sufficient buffer in case of exigencies.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Specialty chemicals

DSFCL installed capacity of 21,463 tonne per annum as of December 31, 2025. These products are also used in manufacturing other specialty chemicals used in pesticides, perfumery and food industry. Some main products under this segment include alpha phenyl glycine chloride hydrochloride, para hydroxide phenyl glycine, para hydroxide phenyl glycine dane salt, ortho chloro phenyl glycine and sodium phenoxy acetate. It finds application in manufacturing of synthetic antibiotics amoxicillin, ampicillin, and cephalixin.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	413.93	430.23	292.84
PBILDT*	42.07	33.66	9.63
Profit after tax (PAT)	23.51	18.46	-0.21
Overall gearing (x)	0.11	0.07	NA
Interest coverage (x)	18.04	19.06	12.67

A: Audited UA: Unaudited NA: Not Available; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	30.00	CARE A-; Stable
Non-fund-based-Short Term		-	-	-	17.20	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	30.00	CARE A-; Stable				
2	Non-fund-based-Short Term	ST	17.20	CARE A2+				

LT: Long term; ST: 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-Cash Credit	Simple
2	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in</p> <p>Sahil Goyal Assistant Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in</p> <p>Swatantra Swarnim Analyst CARE Ratings Limited E-mail: Swatantra.swarnim@careedge.in</p>
--	---

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**