

India Pesticides Limited

September 22, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	100.00 (Enhanced from 80.00)	CARE A+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	RBI	80.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of India Pesticides Limited (IPL) continues to derive strength from extensive experience of promoters and management team in pesticides industry and strong competitive position of the company for some of its molecules in domestic and international markets. Ratings also continue to take comfort from strong financial risk profile marked by low overall gearing, healthy debt coverage metrics, and comfortable liquidity position. Ratings also factor in improvement in scale of operations in FY26 (FY refers to April 01 to March 31), diversified product offerings in technical business and reputed, though concentrated customer base. CARE Ratings Limited (CareEdge Ratings) has also taken cognisance of moderation in operational performance in Q1FY27 (Q1 refers to April 01 to June 30), driven by subdued demand, owing to delayed monsoon. However, ratings continue to remain constrained by exposure to fluctuation in raw material prices and foreign currency exchange rates as majority raw material is imported, though some part of the exposure is covered through natural hedge. Ratings also continue to remain constrained by working capital intensive operations, vulnerability to agro-climatic conditions, and inherent regulatory risk associated with the business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations, with total operating income (TOI) above ₹1,000 crore, while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at current levels.
- Sustenance of strong financial risk profile, robust debt metrics, and healthy liquidity.
- Diversifying overall product portfolio, resulting into lower concentration on top two products.

Negative factors

- Deterioration in TOI and PBILDT margins below 14.50% on a sustained basis, resulting in lower-than-expected cash generation.
- Deterioration in financial risk profile marked by overall gearing above 0.40x or total debt to PBILDT (TD/PBILDT) above 1x.
- Significant elongation in working capital cycle on a sustained basis, impacting IPL's liquidity profile.

Analytical approach: Standalone, factoring support provided to group companies in terms of investment, loans and advances.

Outlook: Stable

"Stable" outlook reflects CareEdge Ratings' opinion that the company will continue to benefit from extensive experience of promoters, diversified product portfolio in technical business, long track record of operations, and reputed clientele.

Detailed description of key rating drivers

Key strengths

Promoter's long-standing experience in the pesticides industry

IPL is promoted by Anand Swarup Agarwal, a first-generation entrepreneur. He has four decades of experience in the pesticides industry and is supported by an experienced team of professionals. He was the chief editor of Hindi Daily "Rashtriya Swarup" published by Swarup Publications (a group company) and a former director on the board of PNB Gilts Limited. He has also served as non-executive director of Punjab National Bank. Anand Swarup Agarwal is assisted by his two sons Vishal Swarup Agarwal and Vishwas Swarup Agarwal, with post graduate qualification in Business Administration. The company has long-standing association

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

with stakeholders' customers, and suppliers, among others. Most of the company's sales are institutional, made to companies with prominent presence in domestic and international markets.

Diversified product portfolio

IPL has ~28-30 molecules (technical) registered in India. The domestic product portfolio is dominated by a few off patent old generic molecules, leading to moderate sales concentration risk. The company is continuously investing in its research and development (R&D) capabilities to develop new molecules, which are expected to reduce its dependence on old molecules. IPL has also registered its products (fungicides and herbicides) for exports in 25 countries, majorly across Europe, Asia, and Australia, which is a step towards reducing the company's dependence on domestic markets. The company has a distribution network consisting of over 4700 dealers with 20+ sales depots and sales force in place for marketing across Gujarat, Rajasthan, Maharashtra, Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, and Uttar Pradesh, among others.

Comfortable financial risk profile

The company's financial risk profile continues to be comfortable, characterised by overall gearing of 0.08x as on March 31, 2026 (PY: 0.06x). Interest coverage ratio remains healthy at 26.70x in FY26 (PY: 32.45x). TD/PBILDT and TD to gross cash accruals (TD/GCA) also stood healthy at 0.39x and 0.51x, respectively, in FY26 (PY: 0.41x and 0.54x, respectively).

Going forward, in the absence of any significant debt-funded capital expenditure plans and given the company's modest working capital requirements, leverage, and debt coverage indicators are expected to remain at comfortable levels, supported by healthy cash accruals. IPL's ability to maintain its comfortable capital structure while efficiently managing its working capital requirements will remain a key monitorable.

Improvement in operational performance in FY26, albeit moderation in Q1FY27

IPL reported an improvement in its operational performance in FY26, with TOI increasing by ~28% to ₹1,077.17 crore (PY: ₹843.48 crore). The growth was supported by operationalisation of additional capacities in technicals and formulations segments, and healthy demand across key product categories. Operating profitability improved by 217 bps, aided by better absorption of fixed costs, considering improved capacity utilisation. Consequently, profit after taxation (PAT) margin also improved by 136 bps in FY26. Operating profitability is expected to remain stable at ~18% in the near-to-medium term. The company completed the capex for its new herbicide, Pretilachlor, which commenced commercial production in H2FY26.

However, demand for the product was relatively muted in Q1FY27. Overall demand also witnessed some moderation in the quarter, partly due to demand preponement in Q4FY26 (Q4 refers to January 01 to March 31), amid uncertainties arising from the Middle East conflict. In addition, profitability in Q1FY27 was impacted by an increase in employee costs following annual salary revisions and higher minimum wages notified by the Uttar Pradesh Government, and elevated boiler fuel (husk) and diesel prices. The company also wrote off overdue export receivables of ₹2.20 crore during the quarter. As these increased costs could not be fully passed on to customers, profitability and GCA moderated in Q1FY27. However, IPL's management expects demand to improve during the remainder of FY27 and anticipates TOI to remain broadly in line with FY26 levels.

CareEdge Ratings believes that IPL's ability to maintain its growth momentum while sustaining healthy profitability and cash accruals will remain a key credit monitorable.

Key weaknesses

Working capital intensive operations

In FY26, the company's operating cycle improved to 180 days, from 192 days in FY25, however, continues to remain elongated. This was largely due to working capital intensive operations in pesticides industry, where inventory requirement generally remains high, considering commoditised nature of products and seasonality factor (high demand in crop sowing seasons). The company must allow higher credit period for newly launched products to generate demand initially, which also results receivable days remaining on the higher side.

Exposure to agro-climatic conditions and intense industry competition

IPL remains exposed to inherent seasonality and cyclical nature of the agrochemical industry, with demand largely driven by agricultural activity. Industry performance is closely influenced by factors, such as monsoon rainfall, crop acreage, sowing patterns, and the incidence of pest and fungal infestations. Consequently, adverse agro-climatic conditions, including deficient, delayed, or uneven rainfall, can affect crop production and farm incomes, impacting demand for agrochemical products and the group's sales and profitability.

The agrochemical industry is highly competitive and fragmented, characterised by the presence of numerous organised and unorganised players. This results in considerable pricing pressure and necessitates sustained investments in product promotion, distribution, branding, and customer outreach. However, the group derives some comfort from the extensive industry experience of its promoters, who have over two decades of expertise in the agrochemical sector.

Exposure to foreign currency fluctuation risk

IPL's products are registered in over 25 countries across the globe. The company generated ~38% revenue from exports in FY26, which exposes it to inherent risk of foreign exchange fluctuation. However, IPL imports some portion of its raw material requirement, which provided a natural hedge to some extent. The company majorly imports Tetra Hydro Phthalic Anhydride (THPA), Ammonium Thiocyanate, Di N Propylamine, and Cyano Acetyl Ethyl Urea from mainly Taiwan and China. Though the company has a hedging policy in place, total exports sales have been higher than raw materials imported and in the last few years the rupee has been on declining trend. In FY26, the company booked a net forex gain of ₹10.73 crore (PY: ₹5.22 crore).

Liquidity: Strong

The company's liquidity is strong supported by free cash and cash equivalents of ₹71.29 crore as on March 31, 2026, which includes investment in mutual funds and free fixed deposit receipts (FDRs). The company has sanctioned fund-based working capital limits of ₹80 crore and average monthly fund-based working capital utilisation for 12-months ending July 2026 stood ~49%. An enhancement of ₹20 crore is under consideration by the management. While the company maintains an adequate liquidity buffer, the proposed increase in limits is intended to support growing scale of operations. The company has negligible repayment obligation going forward against expected healthy GCA of ₹140-145 crore in FY27. The company has planned capex of ~₹16-16.50 crore in the next three financial years, which will be completely funded through internal accruals.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Risk factors	Compliance and actions by the company
Environmental	1. IPL follows the 5R principle of reduce, reuse, repair, recycle, and recover for waste management. 2. Advanced systems including effluent treatment plants (ETP), multiple effect evaporators (MEE), reverse osmosis (RO), and spray driers are used for treatment, recycling and reuse of industrial wastewater, supporting zero liquid discharge (ZLD) practices. 3. The company also focuses on energy efficiency through periodic energy assessments, use of biomass for heat and steam generation, and increasing adoption of solar and other renewable energy sources. 4. R&D initiatives also focus on cleaner and resource-efficient manufacturing processes.
Social	The company has a Corporate Social and Environmental Responsibility (CSER) Policy focusing on education, healthcare, rural development, environment, and sports. 1. Under Samagra Sudhar, initiatives include improvement of rural school infrastructure and development of child-friendly classrooms. The company conducts child protection awareness programmes and has established Child Friendly Centres. 2. Healthcare initiatives include providing medical equipment to hospitals and financial support for certain treatments. 3. IPL supports rural communities through solar panels and solar streetlights, and sports-related initiatives.
Governance	1. Board-led governance framework with focus on transparency, accountability and regulatory compliance. 2. Board-level Risk Management Committee monitors key strategic, operational, and compliance risks. 3. Internal controls, periodic audits and whistle-blower mechanism support ethical conduct and risk oversight. 4. Periodic materiality assessments and Board diversity support effective governance and decision-making.

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

IPL was established in 1984, became public limited company in 1993 and was listed on stock exchanges in July 2021. IPL is engaged in manufacturing pesticides (technical and formulations) and pharmaceutical intermediates. IPL's products are well established in Indian and international markets. As of June 30, 2026, the aggregate installed capacity of the company's manufacturing facilities for agro-chemical technical was 28,200 MT and formulations was 10,000 MT.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	834.25	1,067.85	256.50
PBILDT*	125.76	186.39	35.78
Profit after tax (PAT)	84.39	122.32	23.07
Overall gearing (x)	0.06	0.08	NA
Interest coverage (x)	30.23	25.43	13.71

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	IS IN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Demand loan	RBI	Simple	-		-	-	100.00	CARE A+; Stable / CARE A1+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	80.00	CARE A1+

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/ ST-Working Capital Demand loan	LT/ST	100.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (09-Oct-25)	1)CARE A+; Stable / CARE A1+ (07-Oct-24)	1)CARE A+; Stable / CARE A1+ (04-Sep-23)
2	Non-fund-based - ST-BG/LC	ST	80.00	CARE A1+	-	1)CARE A1+ (09-Oct-25)	1)CARE A1+ (07-Oct-24)	1)CARE A1+ (04-Sep-23)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: 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.

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