

Punjab Chemicals and Crop Protection Limited

October 05, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	60.00	CARE A-; Stable / CARE A2+	Assigned
Long-term / Short-term bank facilities	RBI	200.00 (Enhanced from 100.00)	CARE A-; Stable / CARE A2+	Upgraded from CARE BBB+; Stable / CARE A2
Long-term bank facilities	RBI	99.94	CARE A-; Stable	Assigned
Short-term bank facilities	RBI	55.00 (Enhanced from 45.00)	CARE A2+	Upgraded from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in ratings assigned to bank facilities of Punjab Chemicals and Crop Protection Limited (PCCPL) factors in sustained growth in scale of operations with improvement in profitability while maintaining comfortable capital structure and adequate liquidity position.

In FY26 (refers to April 1 to March 31), the performance shows a meaningful recovery in scale and profitability after a softer FY25, with consolidated total operating income (TOI) at ₹1,037.31 crore and profit after taxation (PAT) at ₹63.96 crore, largely aided by a rebound in export volumes and a favourable product mix. The improvement continued in Q1FY27 (refers to April 1 to June 30) with improvement in TOI and profitability, supported by higher export revenues. However, there has been elongation in operating cycle pursuant to change in credit terms with its key customer resulting in requirement of higher working capital debt. Despite increase capital structure and debt coverage indicators are expected to remain comfortable. CARE Ratings Limited (CareEdge Ratings) expects PCCPL to maintain its healthy financial risk profile in the medium term with no major capex planned.

Ratings continue to derive strength from 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, increased working capital intensity, exposure to risks inherent in the agrochemical sector, margins susceptible to raw material price volatility, and foreign exchange fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume backed growth in scale of operations with TOI above ₹1,500 crore while maintaining profitability.
- Improving capital structure marked by net debt to profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 1.00x on a sustained basis.
- Diversification of customer base.

Negative factors

- Declining turnover and lower-than-envisaged PBILDT margins, resulting in dip in cash accruals below ₹75 crore on a sustained basis.
- Deterioration in capital structure, resulting in total outside liabilities to tangible net worth (TOL/TNW) above 1.50x on a sustained basis.
- Adverse outcome of ongoing matters related to statutory payments impacting the liquidity position of the company.

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.

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 subsidiary of the 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 under Annexure 5.

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****Sustained growth in scale of operations and profitability**

In FY26, the company reported TOI of ₹1,037.31 crore, compared to ₹900.52 crore in FY25, registering year-on-year (y-o-y) growth of ~15%. The growth was supported by volume growth across the product portfolio. Domestic sales increased by 4.80% y-o-y, while exports grew substantially by 28.78% y-o-y, aided by stronger demand from the European market.

PCCPL's profitability also improved in FY26, with the PBILDT margin expanding by 110 bps to 12.13%, compared to 11.03% in FY25. The improvement in profitability was primarily supported by better margins from the agrochemicals division during the year. The company also had several debottlenecking measures and implemented cost optimisation techniques leading to improved efficiency.

In Q1FY27, the company reported a TOI of ₹347.92 crore, marking a growth of 8.68% y-o-y and 66.49% quarter on quarter (Q-o-Q). PBILDT margin improved to 11.93% in Q1FY27, compared to 10.75% in Q1FY26, and 14.15% in Q4FY26. CareEdge Ratings expects PCCPL's scale of operations to improve gradually in the medium term, while maintaining profitability.

Comfortable capital structure and debt coverage indicators

The capital structure continues to remain comfortable, marked by a TNW of ₹419.97 crore as on March 31, 2026, compared to ₹360.17 crore as on March 31, 2025, and an improvement in overall gearing to 0.37x from 0.47x over the same period. In FY27, the company availed a ₹75 crore term loan, of which a portion was utilised towards reimbursement of capex incurred in FY26, while the balance is intended to fund proposed capex requirements. The company enhanced its working capital limits to support higher working capital requirements.

Given the incremental borrowings towards ongoing capex programme and working capital requirements, the company's capital structure is expected to moderate in the medium term, while continuing to remain comfortable. Debt coverage indicators improved marked by total debt to gross cash accruals (TD/GCA) and interest coverage of 1.60x and 7.48x, respectively (PY: 2.67x and 5.57x).

Wide geographical presence and diversified product portfolio

PCCPL derived ~56% (61% in FY25) of its revenue from domestic sales and the balance 44% (39% in FY25) revenue from exports in FY26. Major export destinations are Europe, Japan, Israel, the United States (the US), and Latin America, with Europe accounting for ~74% of total exports. 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. Devender Gupta (Chief Finance Officer [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 top five customers contributed ~69% to TOI in FY26 (69% in FY25). The potential risk is partially offset by the fact that the company has long-term arrangements with these customers. Product registration challenges such as long tenor and high cost, among others, at customers' end, increases probability of contract renewal by 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.

Increase in working capital intensity

PCCPL's operations are characterised by high working capital intensity, primarily due to an elongated receivable cycle and high inventory holding period. The operating cycle has elongated to over 90 days (99 days and 98 days in FY26 and FY25, respectively), compared to 60-75 days observed in the past. This is attributable to change in contractual payment terms with a key customer.

Going forward, the operating cycle is expected to remain broadly at similar levels, commensurate with the growth in TOI.

Exposure to risks inherent in agrochemical sector and presence in competitive industry

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 regulatory policies or distribution of monsoon may have significant impact on PCCPL's revenues. The company remains exposed to intense competition from Chinese manufacturers, whose exports of low-cost agrochemicals, intermediates, and active ingredients continue to exert pricing pressure on industry participants.

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 (~44% of sales), the forex risk is partly covered by natural hedge.

Liquidity: Adequate

PCCPL's liquidity profile is adequate characterised by comfortable cushion in accruals against repayment obligations. PCCPL reported positive cashflow from operations of ₹83.16 crore (₹23.15 crore in FY25). Average maximum utilisation of fund-based and non-fund-based working capital limits stood at 63.07% and 64.04%, respectively, for 12 months ended June 30, 2026. The company has also enhanced its working capital limits in FY27, to maintain additional liquidity cushion. Operating cycle remained at 99 days in FY26 (98 days in FY25). The company had free cash and liquid investments of ₹9.48 crore as on March 31, 2026.

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](#)[Pesticides & Agrochemicals](#)[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Fertilisers 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, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	900.52	1037.31	347.92
PBILDT*	99.37	125.78	41.49
Profit after tax (PAT)	38.93	63.96	22.07
Overall gearing (x)	0.47	0.37	NA
Interest coverage (x)	5.57	7.48	10.09

A: Audited; UA: Unaudited; Note: These are latest available financial results.

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Brief Financials (₹ crore) – Standalone	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	898.38	1,032.44	347.12
PBILDT*	99.43	123.09	41.44
Profit after tax (PAT)	39.77	61.43	22.15
Overall gearing (x)	0.44	0.35	NA
Interest coverage (x)	5.58	7.32	10.08

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

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	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	RBI	Simple	-		-	31-03-2030	99.94	CARE A-; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-		-	-	60.00	CARE A-; Stable / CARE A2+
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	RBI	Simple	-		-	-	200.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	55.00	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 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-Term Loan	LT	-	-	-	1)Withdrawn (02-Sep-25) 2)CARE BBB+; Stable (04-Apr-25)	1)CARE BBB+; Stable (06-Sep-24)	1)CARE BBB+; Stable (26-Dec-23) 2)CARE BBB+; Stable (06-Sep-23)
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	200.00	CARE A-; Stable / CARE A2+	-	1)CARE BBB+; Stable / CARE A2 (02-Sep-25) 2)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) 2)CARE BBB+; Stable / CARE A2 (06-Sep-23)
3	Non-fund-based - ST-Loan Equivalent Risk	ST	-	-	-	-	-	1)Withdrawn (06-Sep-23)
4	Non-fund-based - ST-BG/LC	ST	55.00	CARE A2+	-	1)CARE A2 (02-Sep-25) 2)CARE A2 (04-Apr-25)	1)CARE A2 (06-Sep-24)	1)CARE A2 (26-Dec-23) 2)CARE A2 (06-Sep-23)
5	Fund-based - LT-Term Loan	LT	99.94	CARE A-; Stable				

6	Fund-based - LT/ ST-Working Capital Limits	LT/ST	60.00	CARE A-; Stable / CARE A2+				
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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: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: 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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: +91-22-6754 3590 E-mail: akhil.goyal@careedge.in Ashish Kashalkar Associate Director CARE Ratings Limited Phone: +91-20-4000 9009 E-mail: Ashish.Kashalkar@careedge.in Yash Bhide Analyst CARE Ratings Limited E-mail: Yash.bhide@careedge.in
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