

**November 12, 2025**

## **Willowood Chemicals Limited (erstwhile known as Shreeji Agchem Pvt. Ltd.): Ratings reaffirmed**

### **Summary of rating action**

<b>Instrument*</b>	<b>Previous rated amount (Rs. crore)</b>	<b>Current rated amount (Rs. crore)</b>	<b>Rating action</b>
<b>Long term/Short term – Fund based/Non-fund based – Others</b>	705.00	705.00	[ICRA]A (Negative)/ [ICRA]A2+; reaffirmed
<b>Total</b>	<b>705.00</b>	<b>705.00</b>	

*\*Instrument details are provided in Annexure I*

### **Rationale**

The reaffirmation of the ratings assigned to the bank lines of Willowood Chemicals Limited (WCL/the company) factor in improvement in the company's profitability in FY2025 and H1 FY2026. The standalone performance of WCL has improved significantly with the revenue rising to Rs. 2,084 crore in FY2025 and Rs. 1,249.7 crore in H1 FY2026 (provisional). The operating profit before depreciation, interest and amortisation (OPBDITA) stood at Rs. 268.2 crore in FY2025 and Rs. 199.7 crore in H1 FY2026 (provisional). The operating margins improved to 160% in H1 FY2026 (provisional) vis-à-vis 12.95 in FY2025, driven by a healthy growth in the scale of operations and stable gross margin on the sale of products, backed by a strong product portfolio.

The consolidated performance improved with OPBDITA of Rs. 255 crore in FY2025 compared to Rs. 196.5 crore in FY2024. The improvement in the OPBDITA was supported by growth in WCL's standalone performance and a ramp-up in the operations of Willowood Industries Private Limited {WIPL, rated [ICRA]BBB+ (Negative)/[ICRA]A2}. While WIPL posted operating losses in FY2025, the losses narrowed in FY2025 over FY2024 and further in H1 FY2026. The extent of the improvement in profitability on a consolidated basis for WCL in FY2026 will remain a key monitorable.

ICRA notes the consolidated interest coverage ratio remained below 5.0x in FY2025. The impact of the operating losses at WIPL and the consequent strain on the liquidity resulted in higher borrowings at the consolidated level for WCL, pushing up the interest costs and lowering the interest coverage ratio. However, with an improvement in profitability at the consolidated level, the interest coverage ratio is expected to improve from hereon.

ICRA also notes that WCL is planning to merge WIPL with WCL to streamline the operations and benefit from lower operating costs. While the plans are in preliminary stages, ICRA will continue to monitor the developments on this front.

The ratings continue to factor in the extensive experience of the promoters of about three decades in the agrochemical industry across the globe and the established operational track record of the company of over a decade. The company is present across the entire agrochemical value chain. WCL has a healthy pool of products, both patented and non-patented, under its fold which has resulted in healthy sales for the company. It has a network of over 12,000 distributors in the domestic market, supported by established brands in the retail segment, and a reputed clientele in the trading and toll manufacturing segments. The ratings also take comfort from the low product and geographical concentration of WCL's sales.

The ratings are, however, constrained by the vulnerability of WCL's operations to agro-climatic risks, along with the high seasonal concentration with sales during the kharif season contributing to over 70% of its total revenue. The supplier concentration risk is also high with 65-70% of the active ingredients (AIs) procured from China.

The ratings factor in the company's working capital-intensive operations and the exposure to foreign currency fluctuation risk, given the high dependence on imports. Further, the agrochemical industry is highly regulated due to the hazardous nature of pesticides and any decision to ban certain products by the Government can have a significant impact on its operations. The ratings are also constrained by the subdued profitability of WIPL, which has resulted in a moderation of the overall credit metrics and liquidity profile of the company on a consolidated basis.

ICRA notes that WCL is in the process of raising fresh loans under WCL standalone and WIPL to partly refinance the debt at WIPL's level and also to improve the liquidity position of WCL, which has been impacted by the continued support it had to provide to the former. The timely raising of these loans within FY2026 will remain a key monitorable.

The Negative outlook on the rating reflects ICRA's expectation that the consolidated credit profile for WCL, though improving, will remain subdued owing to the muted profitability at WIPL's level. Although WIPL's performance is improving from the operating losses reported in FY2024 and FY2025 and it is expected to post operating profit in FY2026, the continued support required for debt servicing will keep the credit metrics subdued.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters in agrochemical industry** - The company was promoted by Mr. Vijay Mundhra and Mr. Parikshit Mundhra in 2006. Mr. Vijay Mundhra is the founder of the Hong-Kong based Willowood Group and has about three decades' experience in the agrochemical industry. The Willowood Group has a customer base in over 50 countries across Africa, Asia, Europe, Brazil, South America and North America and is involved in the production and distribution of pesticides and other crop protection chemicals around the globe.

**Diversified revenue stream with presence across agrochemical value chain** - WCL is present across the agrochemical value chain, including B2B trading of AIs, toll manufacturing of final formulations, retail marketing and distribution of final formulations, along with the research and development (R&D) of the new AIs and formulation combination. The company's product portfolio includes several AIs and formulations in insecticides, herbicides, fungicides, as well as plant growth regulator products.

**Wide distribution network and established brand presence in retail market** - Over the years, the company has established a wide distribution network with over 12,000 dealers/distributors across ~18 states in India. The network is further supported by a team of in-house marketing executives and field assistants. WCL markets its products under its own brand name and has over 80 brands in the retail segment.

**Healthy product profile** - WCL's product profile includes a mix of formulations and technicals. It has also received patents for several of its combination products which enables the company to drive healthy demand for its products. Additionally, the company's product profile includes largely blue and yellow triangle products along with a healthy mix of various pesticide categories. The company has also reduced its dependence on a few products which have become generic and is focusing on developing a more margin-accretive product profile.

**Reputed and diversified customer base with track record of repeat business** - The company has diversified into the B2C and B2B segments. For its B2B segment, the company has more than 100 customers, including Dhanuka Agritech Limited, Sumitomo Chemical India, Chambal Fertilisers and Chemicals Limited (rated [ICRA]A1+), PI Industries Limited, etc. WCL has established long-term relationships with most of its customers and every year receives a large number of repeat orders from its existing customers.

### Credit challenges

**High dependence of AI procurement from China; any significant disruption can impact operations** - About 65-70% of Willowood India's total AI requirement is met through imports from Chinese suppliers, exposing the company to concentration risk. Any significant disruption in supply from China can have an adverse impact on the company's operations and profit margins. The dependence on China is expected to moderate marginally with the commissioning of the AI plant under WIPL, though the dependence will continue to remain material, going forward as well.

**High working capital intensity** - The company's working capital intensity (net working capital/operating income, NWC/OI) increased and remained high at 59% in FY2025 over 50% in FY2024. Given the seasonality of the sales, the company is required to maintain high finished goods inventory at the beginning of the kharif and rabi seasons. The company maintains a high level of raw material inventory as a significant portion of the AI is met through imports.

**Regulated nature of industry** - The agrochemical industry is highly regulated in the domestic market with stringent norms for registering the products to be produced and sold in India. The products remain susceptible to bans or restrictions owing to their poisonous nature and thus the industry has to ensure the products are compliant with the regulatory norms.

**Subdued performance of WIPL** – WCL, under its wholly-owned subsidiary WIPL, had commissioned a technical manufacturing facility at Dahej in a phased manner by December 2023 (starting from December 2022). The entity's production and sales ramp-up have been weak owing to the adverse market conditions that affected the demand for its products. WIPL reported operating losses in FY2024 and FY2025 due to the lack of competitiveness of its product portfolio, particularly in the export markets, where prices have declined significantly. In FY2026, the company is expected to showcase a modest improvement in profitability, but it will be inadequate to meet its debt servicing requirements. Hence, WIPL will continue to rely on WCL to meet its debt servicing requirement, adversely impacting the latter's liquidity position.

**Exposure to agroclimatic risks** - As the share of irrigated (by dams/canals/wells) area is low in India, most regions depend on the monsoons. Poor monsoons translate into slower agrochemical offtake and, therefore, affect the performance of agrochemical entities. However, the risk for the company is mitigated, to some extent, by the Group's diversified geographical presence across 18 states.

### Liquidity position: Adequate

At a consolidated level, WCL's liquidity position remains adequate with healthy annual fund flow from operations. The company's unencumbered cash balance and investments stood at Rs. 46.0 crore as on March 31, 2025. WCL also had a sanctioned interchangeable working capital facility of Rs. 803.0 crore as on June 30, 2025. The average utilisation of the fund-based limits remained at around 91% in the last 12 months. The repayment for FY2026 stands at Rs. 52.3 crore which the company should be able to meet through NCA of Rs. 190 crore. The company has a capex plan of Rs. 120 crore in FY2026 for which it has achieved adequate debt tie-ups. The company is also in the process of raising fresh loans to augment its liquidity position. The timely inflow of funds through these term loans will support the liquidity position further.

### Rating sensitivities

**Positive factors** –The outlook maybe revised to Stable if the liquidity profile improves, driven by an improvement in the performance of WIPL and/or a better working capital cycle for WCL. The ratings may be upgraded if there is a sustained improvement in the revenue and operating profit on a consolidated basis, resulting in healthy liquidity and leverage and coverage metrics.

**Negative factors** – Pressure on the ratings can arise if there is any significant deterioration in the scale of operations and profit margins, or any stretch in the working capital position of the company, weakening the liquidity position. Further, any deterioration in the debt metrics owing to any large debt-funded capex/investments will weigh on the ratings. A specific credit metric for downgrade would be a total interest coverage ratio of less than 5.0x on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Agrochemicals</a>

<b>Parent/Group support</b>	Not applicable
<b>Consolidation/Standalone</b>	For arriving at the ratings, ICRA has considered the consolidated financials of Willowood Chemicals Limited and its subsidiaries enlisted in Annexure II

## About the company

The Willowood Group has over 25 years of experience and a customer base in over 50 countries in Africa, Asia, Europe, South America and North America. The Group is promoted by Mr. Vijay Mundhra (Hong-Kong based) and Mr. Parikshit Mundhra. The Group has offices in Hong Kong, China, India, Brazil, Indonesia, Kenya and the US. The Willowood Group is an ISO accredited company and is primarily engaged in the production and marketing of agrochemicals across the world. Its product portfolio includes several technicals (also called active ingredient or AI) and formulations (also called final product) in the following product segments - insecticides, herbicides, fungicides, acaricides, biopesticides and plant growth regulators.

Willowood India, an affiliate company of the Willowood Group, is a leading manufacturer and distributor of agrochemicals and other crop protection chemicals. Willowood operates in India through Willowood Chemicals Limited (WCL).

The two, namely Willowood Chemicals Private Limited and Willowood Crop Sciences Private Limited, have been amalgamated with effect from April 1, 2020, vide an order dated December 29, 2021, with Shreeji Agchem Private Limited which has been subsequently renamed as Willowood Chemicals Limited. A net impact of ~Rs. 690 crore has been recognised in the financials which mainly includes ~Rs. 246 crore of goodwill and ~ Rs. 480 crore of other intangibles (these are internally generated intangibles)

## Key financial indicators (audited)

WCL Consolidated	FY2024	FY2025	H1 FY2026 ( WCL Standalone )
<b>Operating income</b>	1,797.7	2075.4	1,249.7
<b>PAT</b>	6.5	28.2	105.5
<b>OPBDIT/OI</b>	10.9%	12.3%	16.0%
<b>PAT/OI</b>	0.4%	1.4%	8.5%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.99	1.19	-
<b>Total debt/OPBDIT (times)</b>	4.33	4.31	-
<b>Interest coverage (times)</b>	3.14	2.53	6.55

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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

## Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	12-Nov-25	Date & rating in FY2025		Date & rating in FY2024		Date & rating in FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term /Short term – Others – Fund based/Non-fund based	Long term/ Short term	705	[ICRA]A (Negative)/ [ICRA]A2+	28-Mar-25	[ICRA]A (Negative)/ [ICRA]A2+	13-Feb-24	[ICRA]A (Stable)/ [ICRA]A2+	-	-
Fund based/Non-fund based – Others	Long term	-	-	-	-	4-Apr-23	[ICRA]A (Positive)	-	-
		-	-	-	-	5-Feb-24	[ICRA]A (Stable)	-	-
Unallocated limits	Long term/Short term	-	-	-	-	4-Apr-23	[ICRA]A (Positive)/ [ICRA]A2+	-	-
		-	-	-	-	5-Feb-24	[ICRA]A (Stable)/ [ICRA]A2+	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund based/Non-fund based/Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term/Short term - Fund-based/Non-fund based/Others	NA	NA	NA	705.00	[ICRA]A (Negative)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
Willowood Chemicals Limited	100%	Full consolidation
Willowood (Hangzhou) Co. Ltd	Subsidiary	Full consolidation
Willowood Industries Private Limited	Subsidiary	Full consolidation
Willowood Agriscience Representacao Comercial Ltda	Subsidiary	Full consolidation
JDM Scientific Research Organisation Pvt. Ltd.	Subsidiary	Full consolidation
Margosa Biogrow (India) Pvt Ltd	Subsidiary	Full consolidation

Source: Company

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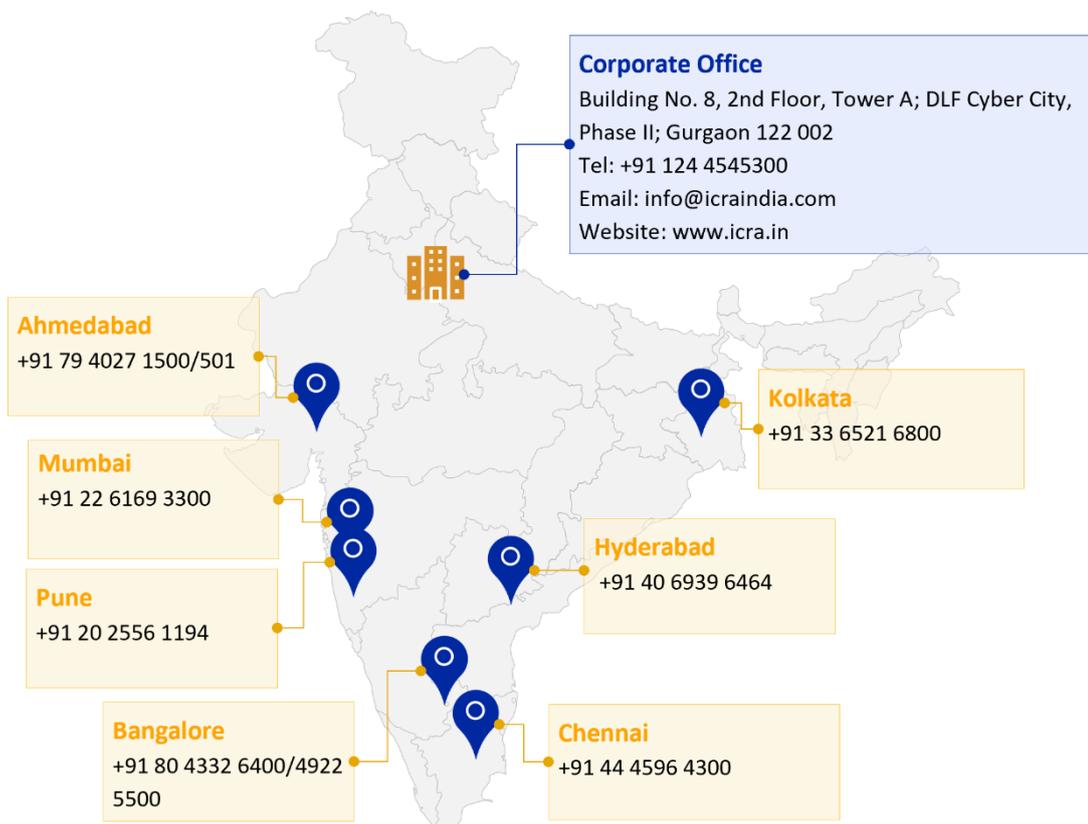
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