October 30, 2025 (Revised)

Cropnosys India Pvt Ltd: Ratings reaffirmed with change in outlook to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based cash credit	45.00	45.00	[ICRA]BBB+ (Positive); reaffirmed with change in outlook to Positive from Stable
Long term/Short-term - Fund based/Non-fund based - Others	55.00	55.00	[ICRA]BBB+ (Positive)/[ICRA]A2; reaffirmed with change in outlook to Positive from Stable
Optionally convertible debentures	120.00	120.00	[ICRA]BBB+ (Positive); reaffirmed with change in outlook to Positive from Stable
Total	**220.00**	**220.00**	

**Instrument details are provided in Annexure I*

Rationale

The change in outlook to positive factors in the expectations of a sustained improvement in the financial risk profile of Cropnosys India Private Ltd (CIPL) over the near to medium term. CIPL reported healthy revenue of Rs.357 crore in H1FY2026, along with an improvement in operating margin to approximately 14%, compared to ~9.6% in FY2025. The improvement in H1 FY2026 was primarily driven by higher volumes, which are expected to remain strong over the medium term. This is supported by steady demand, a diversified product mix, and expanded geographical reach—enabled by new product launches and registrations over the past few years. Further, the optionally convertible debentures (OCDs) to be replaced with a low-cost term loan, strengthening the debt structure.

The ratings continue to consider the extensive experience of the promoters of over more than two decades in the agrochemical industry. Further, the company caters to a diversified customer base across the international and domestic markets. The company's exports are geographically diversified across Europe and the Asia Pacific, while its domestic sales are spread across 14 states. The ratings also factor in a healthy capital structure with comfortable debt coverage metrics and an adequate liquidity position. The capital structure remains comfortable with a gearing of 0.5 times as on March 31, 2025, and interest coverage of 17.5 times for FY2025.

The ratings are, however, constrained by product concentration risk as three major products have been driving its revenues over the last few years. The three products contributed almost 50% of its total revenue in FY2025 and about 48% in H1FY2026. However, the major active ingredients (AIs) produced by CIPL are used to manufacture diverse formulations. Further, the company has been increasing its registrations over the years and expects to add many molecules to the AI portfolio, going forward. The ratings are also constrained by the high working capital intensive operations on account of the high debtors and inventory levels. Given the seasonality of the business, the receivables have significantly increased in the last few months of the financial year, impacting the working capital cycle.

The ratings further remain exposed to raw material procurement and price risks as majority of raw material is imported. The company remains exposed to foreign exchange volatility due to the significant export revenues. However, imports act as a natural hedge to an extent. Further, the agrochemical industry is highly regulated in both the international and domestic markets and the industry is susceptible to agro-climatic risks.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in agrochemical industry - CIPL was promoted by Mr. Gurvinder Singh in 2006. He is also the founder of UK-based JT Crop Ltd. (formely known as Widecover Ltd.) and has more than 25 years' experience in the agrochemical industry. JT Crop Ltd. is engaged in the trading of active ingredients, intermediates and formulations. Further, the Group (CITPL, JT Crop Ltd and other promoter entities) also manufactures formulations under the entity - Cropthetics, UK.

Diversified customer base with track record of repeat business - The company caters to a diversified customer base across the international and domestic markets. Its exports are geographically diversified across Europe, Asia Pacific and North America. Further, the company's domestic sales are spread across 10-15 states. The company has been receiving repeat orders from its customers.

Comfortable capital structure and healthy coverage metrics – The capital structure is comfortable with a gearing of 0.5 times as on March 31, 2025. The coverage metrics were also healthy with interest coverage of 17.5 times and DSCR of 3.8 times for FY2025. The leverage and coverage metrics are expected to remain healthy in FY2026 as well.

Credit challenges

High working capital intensity –CIPL gives a credit period of 90-120 days to its customers. The nature of the business is export-oriented, and considering the industry and sales in various geographies, the debtor days are likely to remain high. The NWC/OI stood at 49% as on March 31, 2025, and is likely to remain high in the future.

Product concentration risk - CIPL faces product concentration risk compared to other industry players in the agrochemical industry who have a diverse product portfolio. CIPL manufactures intermediates and AIs, mostly in the herbicide and fungicide categories. The three major AIs produced by CIPL are FFC (fluazinam technical, herbicide), FATM (flufenacet technical, fungicide) and FLN (flonicamid technical, insecticide) which contributed to almost 50% of the total revenue in FY2025 and about 48% in H1 FY2026. CIPL's major AIs are used to manufacture diverse formulations. Moreover, the product concentration has reduced over the years with introduction of new molecules in the past few years. Further, the company has been increasing its registrations over the years and expects to add many molecules to the AI portfolio, going forward.

Raw material procurement and price risks, and foreign exchange volatility - About 40-50% of CIPL's total raw material requirement is met through imports, majorly from Chinese suppliers, exposing the company to concentration risk. The company currently procures a considerable portion of its raw material from Chinese suppliers, primarily to leverage cost efficiencies. While domestic alternatives are available and the company has the flexibility to shift sourcing, any significant disruption in Chinese supply chains could still pose operational challenges. A shift toward domestic procurement may reduce concentration risk but could also impact cost competitiveness. Additionally, the company remains exposed to foreign exchange volatility due to its substantial export revenues.

Regulated nature of industry and agro-climatic risk - The agrochemical industry is highly regulated in both the international and domestic markets. Further, any new product takes 3-5 years to get registered. Poor monsoons translate into slower agrochemical offtake and, therefore, affect the performance of agrochemical entities. However, the risk for CIPL is mitigated, to some extent, by its diversified geographical presence across countries internationally and across states in the domestic market.

Liquidity position: Adequate

CIPL's liquidity is adequate with expected healthy cash flow from operations in FY2025, cash and bank balances of about Rs. 42.7 crore as on October 14, 2025, and undrawn working capital limits of around Rs. 117 crore as on September 30, 2025. The company has utilised bank limits of 11% on average in the last 12 months ended in September 2025. CIPL has minimal debt repayment obligations in FY2026 and a capex commitment of ~Rs. 140 crore in FY2026 and FY2027 to set up a new unit, which is to be funded through external debt and internal accruals.

Rating sensitivities

Positive factors - The rating could be upgraded if the company is able to significantly scale up its revenues while maintaining healthy profitability, debt coverage metrics and adequate liquidity position on a sustained basis.

Negative factors - Pressure on CIPL's ratings could arise if the revenues and operating margins decline, resulting in lower cash flows on a sustained basis. Deterioration in the working capital cycle and higher than expected debt-funded capex impacting the company's liquidity position could also be a trigger for a downgrade. The ratings may also be downgraded if the TOL/TNW is more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Agrochemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of CIPL and its subsidiaries (Annexure II)

About the company

Cropnosys India Private Limited was established in April 2006 by Mr. Gurvinder Singh. At present, it manufactures crop protection products across categories such as herbicides, fungicides and insecticides. The company is also involved in the sales of crop micronutrient products. The company has two manufacturing facilities at Vapi, Gujarat with an installed production capacity of 2,400 MT per annum.

The company is currently enhancing its manufacturing capabilities. A new plant is being constructed on a 10,000 square meter plot, with a total planned capacity of 7,500 metric tons—comprising 3,500 MT for fungicides and 4,000 MT for herbicides. The total estimated investment for the project stands at Rs.165 crore, to be funded through a mix of debt and internal accruals.

Key financial indicators (audited)

	FY2024	FY2025*	H1FY2026*
Operating income	418.1	486.1	357.2
PAT	36.8	7.9	36.8
OPBDIT/OI	16.1%	9.6%	14.0%
PAT/OI	8.8%	1.6%	10.3%
Total outside liabilities/Tangible net worth (times)	1.6	0.9	NA
Total debt/OPBDIT (times)	2.9	3.9	NA
Interest coverage (times)	8.4	17.5	10.1

*Source: Company, ICRA Research; * Provisional/Estimated numbers; 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

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Oct 30, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	**Long term**	45.00	[ICRA]BBB+ (Positive)	Oct 30, 2024	[ICRA]BBB+ (stable)	June 06, 2023	[ICRA]A- (stable)	May 04, 2022	[ICRA]BBB+ (stable)
						Oct 12, 2023	[ICRA]A- (stable)	-	-
Fund based/non fund based - Others	**Long term/Short term**	55.00	[ICRA]BBB+ (Positive)/[ICRA]A2	Oct 30, 2024	[ICRA]BBB+ (stable)/[ICRA]A2	June 06, 2023	[ICRA]A- (stable)/ [ICRA]A2+	-	-
						Oct 12, 2023	[ICRA]A- (stable)/[ICRA]A2+	-	-
Optionally convertible debentures	**Long term**	120.00	[ICRA]BBB+ (Positive)	Oct 30, 2024	[ICRA]BBB+ (stable)	Oct 12, 2023	[ICRA]A- (stable)	-	-
								-	-
Optionally convertible debentures	**Long term**	-		Oct 30, 2024	[ICRA]BBB+ (stable); withdrawn	Oct 12, 2023	[ICRA]A- (stable)	-	-
								-	-
Unallocated	**Long term/Short term**	-	-				-	May 04, 2022	[ICRA]BBB+ (stable)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based cash credit	Simple
Long term/Short term – Fund-based/Non-fund based - Others	Simple
Optionally convertible debentures	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 fund-based cash credit**	NA	NA	NA	45.00	[ICRA]BBB+ (Positive)
NA	**Long term/Short term – Fund-based/Non-fund based - Others**	NA	NA	NA	55.00	[ICRA]BBB+ (Positive)/[ICRA]A2
INE0R9907023	**Optionally convertible debentures**	30-11-2023	6%	29-11-2028	120.00	[ICRA]BBB+ (Positive)

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
Cropnosys ANZ Pty Ltd*	70%	Full Consolidation

**Entity incorporated in FY2024*

Corrigendum

Document dated October 30, 2025, has been corrected with revision as detailed below:

Change has been made on page no. 3 in Rating sensitivities where in the word “triggers” has been revised to “factors”.

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