

July 01, 2025

Madhya Bharat Phosphate Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term-cash credit-fund based	30.00	30.00	[ICRA]A+ (Stable); Reaffirmed
Short term-others-non fund based	31.00	31.00	[ICRA]A1; Reaffirmed
Total	61.00	61.00	

*Instrument details are provided in Annexure-I

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Shree Pushkar Chemicals and Fertilisers Limited (SPCFL) and its wholly-owned subsidiaries, Kisan Phosphates Private Limited (KPPL, rated [ICRA]A+ (Stable)/[ICRA]A1) and Madhya Bharat Phosphate Private Limited (MBPPL, rated [ICRA]A+ (Stable)/[ICRA]A1), collectively referred to as the consolidated entity or the Group due to the operational, management and financial linkages among them. The three entities share a common management, with KPPL and MBPPL being strategically important to SPCFL.

The reaffirmation of the ratings reflects the SPCFL Group's long track record, the extensive experience of the promoters in the sector and its comfortable capital structure and coverage indicators along with a favourable demand outlook for dyes and dye intermediates in the medium to long term. The financial performance of the Group improved in FY2025, supported by better demand and pricing for dyes/dye intermediates, resulting in a healthy volume growth.

The profitability of the fertiliser segment {primarily single super phosphate (SSP)} improved on the back of stable subsidy levels under the Nutrient-Based Subsidy (NBS) scheme and the integrated nature of operations wherein the company benefited from the manufacturing of sulphuric acid, the profitability of which rose sharply in Q4 FY2025. Going forward, the demand for dyes/dye intermediates is expected to remain steady, while that of SSP is also likely to be supported by the lower availability of di-ammonium phosphate (DAP), which is a key phosphatic fertiliser used by farmers. The integrated nature of operations for the dyes as well as the SSP segments has helped SPCFL demonstrate better profitability than some of its peers. The upcoming phosphatic fertiliser plant will also be backward integrated to produce phosphoric acid and sulphuric acid.

The ratings are also supported by SPCFL's healthy consolidated credit profile. The Group does not have any major term loans and meets its working capital funding requirements through letter of credit (LC) backed creditors i.e. LC acceptances. The TOL/TNW for the consolidated group rose to 0.61x as March 31, 2025 vis-à-vis 0.50x as on March 31, 2024, owing to a large amount of raw material inventory being procured in Q4 FY2025 for the upcoming season. The interest coverage ratio remains healthy at 36.7x in FY2025. ICRA expects the credit metrics to moderate in FY2026 as the company completes the last leg of the ongoing capex programme. Thus, the working capital borrowings are expected to rise with the cash accruals being deployed towards the capex.

The ratings are constrained by the vulnerability of the company's profitability to the adverse fluctuation in raw material costs and the intense competition in the industry. The ratings also consider the agro-climatic and regulatory risks associated with the fertiliser business and the susceptibility of SPCFL's profitability margins to foreign exchange (forex) fluctuations. The company's performance, particularly in fertilisers, remains susceptible to regulatory risks related to the subsidy levels and its timely release by the GoI. The risk associated with the ongoing capex programme also weighs on the rating.

SPCFL is expected to commission its dye intermediates facility in H1 FY2026, while the 0.15-MMTPA phosphatic fertiliser unit under SPCFL and the ~50,000-MMTPA SSP capacity expansion under MBPPL are expected to go onstream in H2 FY2026. The company has incurred around Rs. 72 crore for the capex programme in FY2025 and expects to spend another Rs. 115 crore in FY2026. Given the sizeable projects, the company remains exposed to residual project risk associated with the capex.

ICRA notes that the Group is in the process of merging MBPPL with KPPL, given their common line of business, to drive operational synergies. The merger remains credit neutral for the ratings of the Group and MBPPL.

The Stable outlook reflects ICRA's opinion that the demand for dyes/dye pigments and fertilisers will remain healthy in the near to medium term with remunerative pricing, thereby supporting the cash flow from operations for the company.

Key rating drivers and their description

Credit strengths

Established track record in dye, dye intermediates and fertiliser businesses— The Group has an established track record in the dye, dye intermediates and fertiliser businesses (mainly single super phosphate) and a strong customer profile. The extensive experience of the promoters also provides comfort against any marketing-related risks. Further, the Group enjoys locational advantages because of its proximity to raw material sources and end-user industries. The company is expanding the complementary product profile under the fertiliser business to improve its product offerings.

Highly integrated operational structure - SPCFL has a highly integrated operations wherein the dyes segment has been backward integrated to manufacture dye intermediates as well as various acid compounds used to make dyes. The fertiliser operations are also backward integrated for manufacturing sulphuric acid, which provides competitive advantage over the non-integrated manufacturers. The upcoming phosphatic fertiliser plant will also be backward integrated for manufacturing phosphoric acid and sulphuric acid, which are the key raw materials for phosphatic fertilisers.

Comfortable capital structure and coverage indicators - On a consolidated basis, the SPCFL Group does not have any major term loans and largely funds its working capital requirements through extended credit period under the letter of credit (LC) facility. The TOL/TNW for the consolidated group rose to 0.61x as on March 31, 2025 vis-à-vis 0.50x as on March 31, 2024, owing to a large amount of raw material inventory being procured in Q4 FY2025 for the upcoming season. The interest coverage ratio remained healthy at 36.7x in FY2025. ICRA expects the credit metrics to moderate in FY2026 as the company completes the last leg of the ongoing capex programme. Thus, the working capital borrowings are expected to rise with the cash accruals being deployed towards the capex.

Credit challenges

Vulnerability to input price fluctuations and regulatory risks - The company's operating profitability remains exposed to the adverse fluctuations in raw material costs and any revisions in import duty. Further, SPCFL is exposed to intense competition in the industry. During FY2025, SPCFL's consolidated profitability improved, with the operating margin rising to 10.4% in FY2025 vis-à-vis 8.4% in FY2024. In FY2024, the profitability was hit by a weak pricing environment for the dyes segment and the adverse impact of subsidy revisions on the SSP segment.

Residual project implementation risks - The Group is undertaking capex to expand the capacities of the dyes, SSP and phosphatic fertiliser segments. SPCFL is expected to commission the dye intermediates facility in H1 FY2026. The 0.15-MMTPA phosphatic fertiliser facility under SPCFL and the ~50,000-MMTPA SSP capacity expansion under MBPPL are expected to be commissioned in H2 FY2026. The company incurred around Rs. 72 crore for the capex programme in FY2025 and expects to spend another around Rs. 115 crore in FY2026. Given the sizeable projects, the company remains exposed to residual project risks associated with the capex programme.

Agro-climatic risks associated with fertiliser business - The agricultural sector in India remains vulnerable to the vagaries of monsoons as the areas under irrigation remains low, which makes the fertiliser sector's sale and profitability volatile. The

fertiliser segment, being highly regulated, also remains vulnerable to the changes in Government regulations, which could affect the company's financial profile. Further, the profitability margins of the fertiliser business are vulnerable to volatile raw material prices and foreign exchange fluctuations. Sustained elevated raw material prices may put pressure on the margins in the absence of adequate subsidy increase or retail price revisions.

Working capital-intensive operations – The company's operations remain moderately working capital-intensive, particularly in the fertiliser segment. The working capital requirements increase due to the stocking of fertilisers prior to the season i.e. in the Q1 of a fiscal. While the subsidy receipts from the GoI have remained timely with adequate subsidy allocation for the sector, any delay in the release of subsidy by the GoI can adversely impact on the company's working capital cycle. SPCFL's standalone working capital cycle has remained for around 2 months, while on a consolidated basis it has been around 70 days. The company has adequate cushion in its working capital borrowings to support any elongation in the working capital cycle.

Liquidity position: Adequate

The liquidity of the company is expected to remain adequate, supported by healthy cash accruals of Rs. 80-100 crore in FY2026, free cash and liquid investments of Rs. 26.02 crore as on March 31, 2025, and sparsely utilised fund-based limits. The company does not have any major debt repayments, and the availability of internal accruals and unutilised fund-based limits will enable it to fund the ongoing capex plan.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings in a scenario of a sizeable growth in the revenue and profits of SPCFL consolidated while maintaining healthy leverage and coverage metrics.

Negative factors – The ratings for the company could be downgraded in a scenario of sustained moderation in revenue and profitability resulting in the weakening of the leverage and coverage indicators. Any sizeable debt funded capex and/or stretch in the working capital cycle resulting in weakening of the credit profile and liquidity position could result in a rating downgrade. A key credit metric that could result in a rating downgrade is TOL/TNW remaining above 1.2x on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Fertilizers Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has taken a consolidated view of SPCFL and its wholly-owned subsidiaries, KPPL and MBPPL, enlisted in Annexure II

About the company

Madhya Bharat Phosphates Pvt. Ltd. (MBPPL) was placed into corporate insolvency Resolution process (CIRP) by NCLT-Ahmedabad in September 2018. A proposal for takeover of management of MBPPL by Shree Pushkar Chemicals & Fertilisers Ltd. (SPCFL) by acquiring 100% shares of the company, through NCLT was completed in April 2020 at a total cash-down bid price of Rs. 19.37 crore. MBPPL has two manufacturing units – one at Jhabua, MP with a 150,000 MTPA capacity of SSP and another at Deewanganj, MP with 60,000 MTPA capacity of SSP.

Key financial indicators

SPCFL-Consolidated	FY2024	FY2025
Operating income	726.2	806.3
PAT	37.1	58.6
OPBDIT/OI (%)	8.4%	10.4%
PAT/OI (%)	5.1%	7.3%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	0.5	0.4
Interest coverage (times)	38.8	36.7

MBPPL Standalone	FY2024	FY2025
Operating income	142.6	183.0
PAT	6.9	18.2
OPBDIT/OI (%)	5.4%	10.6%
PAT/OI (%)	4.9%	9.9%
Total outside liabilities/Tangible net worth (times)	0.94	1.13
Total debt/OPBDIT (times)	0.01	0.00
Interest coverage (times)	23.2	110.6

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

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years			
Instrument	Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
			July 01, 2025	May 08, 2024	-	Mar 21, 2023	May 23, 2022
1 Cash credit	Long-Term	30.00	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	-	[ICRA]A+ (Stable)	[ICRA]A+ (Positive)
2 Term loan	Long-Term	-	-	-	-	[ICRA]A+ (Stable)	[ICRA]A+ (Positive)
3 Unallocated Limits	Long-Term	-	-	-	-	[ICRA]A+ (Stable)	[ICRA]A+ (Positive)
4 Non-fund based limits	Short-Term	31.00	[ICRA]A1	[ICRA]A1	-	[ICRA]A1	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Cash Credit-Fund Based	Simple
Short Term-Others-Non Fund Based	Very 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/Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	30.00	[ICRA]A+ (Stable)
NA	Non-Fund Based	NA	NA	NA	31.00	[ICRA]A1

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 of SPCFL	Consolidation Approach
Shree Pushkar Chemicals & Fertilisers Limited	Parent Entity	Full
Kisan Phosphates Private Limited	100%	Full
Madhya Bharat Phosphate Private Limited	100% (Self)	Full

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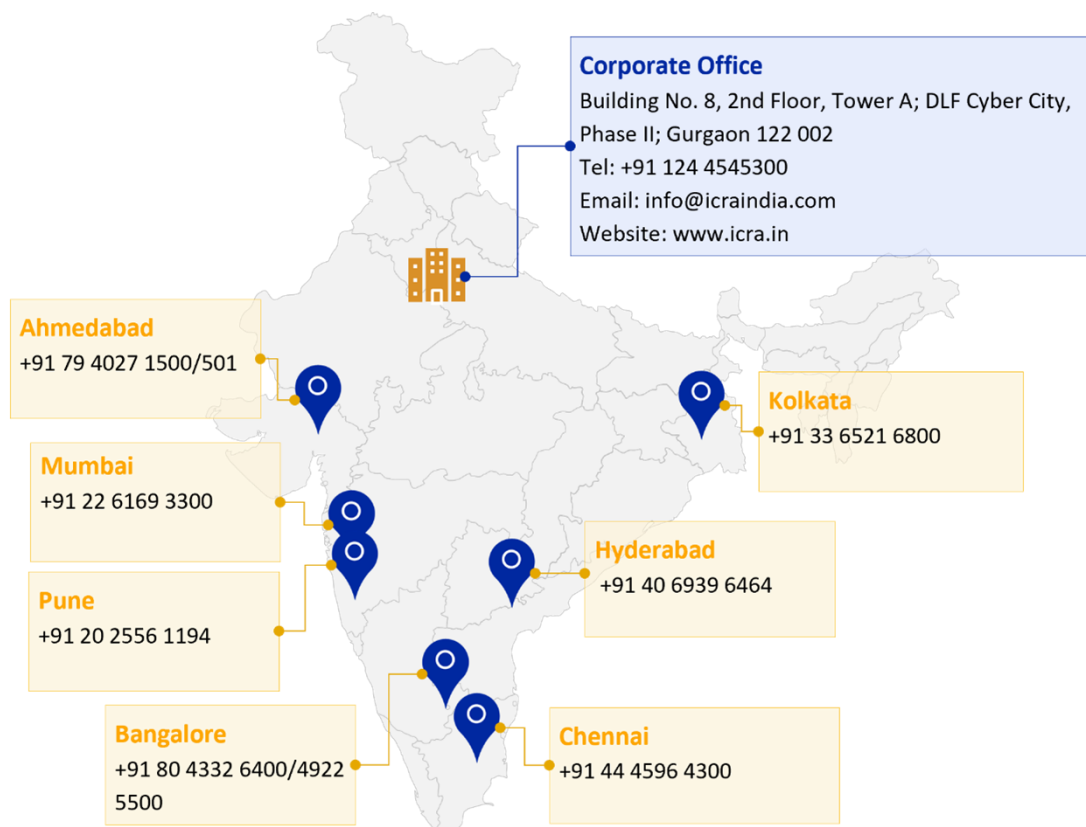
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