November 26, 2025

Madhya Bharat Agro Products Ltd: [ICRA]A+ (Stable)/[ICRA]A1 assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term fund based	218.00	[ICRA]A+ (Stable); assigned
Short term non-fund based	117.00	[ICRA]A1; assigned
Long term - Term loans	502.41	[ICRA]A+ (Stable); assigned
Long term/Short term unallocated	20.59	[ICRA]A+ (Stable)/[ICRA]A1; assigned
Total	**858.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating action factors in the favourable demand prospects for nitrogen, phosphorus and potassium (NPK) fertilisers in the country, the backward-integrated operations of Madhya Bharat Agro Products Ltd (MBAPL) and the strong parentage of Ostwal Phoschem India Ltd (OPIL). MBAPL is a backward-integrated phosphatic fertiliser manufacturer with capabilities to manufacture diammonium phosphate (DAP) and NPKs with a capacity of 240,000 MTPA as well as single super phosphate (SSP) capacity of 240,000 MTPA. MBAPL's operations are backward integrated into the manufacturing of 69,000 MTPA of phosphoric acid and 165,000 MTPA of sulphuric acid facilities which help in maintaining a healthy profitability profile. The company also has beneficiated rock phosphate capacities wherein it processes low-grade rock phosphate to produce high grade rock phosphate which in turn is used for manufacturing phosphoric acid. ICRA also favourably factors in the long-term supply arrangement of MBAPL for the supply of rock phosphate.

In FY2025, the revenues grew ~29% YoY owing to higher NPK/DAP sales volumes. The demand for NPK remains healthy during the year as the capacity utilisation ramps up. The operating margins were healthy in FY2025, supported by the backward integrated nature of operations and largely adequate nutrient-based subsidy (NBS) rates. The margins continued to be strong in H1 FY2026 as well with the increase in NBS rates, which further improved the realisations for some grades of NPK. Although the debt protection metrics improved in FY2025 owing to heathy cash accruals, there could be some moderation in the near term owing to the debt-funded capex planned at Dhule in Maharashtra and Sagar in Madhya Pradesh. It is expected that as the increased capacities ramp up, the metrics will witness improvement steadily thereafter.

ICRA also factors in the parentage of Ostwal Group, who have had presence in the NPK fertiliser space since 2002. The parent, OPIL, has given corporate guarantees for the facilities of group subsidiaries, including MBAPL, and there exists a common procurement platform for the raw materials of the Group, in addition to other need-based financial support which can flow from one entity to another.

The rating is, however, constrained by the vulnerability of the fertiliser sector's profitability to regulatory policies, fixation of NBS rates and agro-climactic conditions. The profitability also remains vulnerable to the movement in raw material prices, majority of which are typically imported. The cash flows also remain sensitive to timely subsidy inflow from the Government. ICRA also notes that the Group is undertaking a sizeable debt-funded capex programme in MBAPL and Krishana Phoschem Ltd (KPL, rated [ICRA]A+ (Stable)/[ICRA]A1) which will moderate the Group's credit metrics in the medium term. However, the investment will yield benefits in the form of improved scale and healthy profitability, going forward.

The project under MBAPL entails significant capex and, thus, exposes the company to project execution risk while also resulting in a slight moderation of the credit metrics in the near term. However, the expansions are in the existing line of business and the Group's established track record in executing such capex plans in the past provides comfort to an extent.

The Stable outlook reflects ICRA's expectations of a steady cash flow generation, backed by stable demand for NPK fertilisers as well as heathy profitability owing to the backward integrated operations of MBAPL, which will keep the credit profile comfortable.

Key rating drivers and their description

Credit strengths

Established presence in SSP/NPK fertiliser space – MBAPL has 240,000 MT of SSP and 240,000 MT of NPK and DAP capacities at its production unit in Madhya Pradesh. The company has a healthy presence in Madhya Pradesh and Chhattisgarh with a market share of 9% and 19%, respectively. The company also has a network of 2,500+ wholesalers and 30,000+ retailers across 11 states.

The company also plans to expand its NPK/DAP and SSP production capacity by 420,000 MTPA and 330,000 MMTPA, respectively. The phosphoric acid and sulphuric capacities are also being expanded to deepen the backward integration. The new plant in Maharashtra is expected to expand the company's geographic footprint and reduce the risk of overdependence on any one state.

Backward integration into phosphoric acid and sulphuric acid, which translates into healthy profitability – The company has capacities to produce phosphoric acid from rock phosphate and sulphuric acid from sulphur. Further, MBAPL has a beneficiated rock phosphate (BRP) plant, which can crush up to 189,000 MTPA of low-grade rock phosphate and convert to beneficiated rock phosphate, which is then used to produce phosphoric acid inhouse. The backward integration of these raw materials and healthy NBS rates for NPKs have kept the profitability healthy.

Strong parentage being part of the Ostwal group - The Ostwal Group has an established presence in the fertiliser sector since 2002. Since then, the Group expanded its capacities in SSP and NPK/DAP and has become India's second-largest SSP manufacturer (on a consolidated basis) with a market share of 8% at a national level. MBAPL derives benefits from a common procurement platform for rock phosphate for the Ostwal Group. The Group also has long-term supply arrangements with suppliers from Jordan and Egypt. Further, the parent company, OPIL, has extended corporate guarantees, and the promoters have extended personal guarantees for the debt of MBAPL. Hence, need-based support is expected to be available to help MBAPL tide over any liquidity mismatches.

Credit challenges

Major debt-funded capex planned exposes company to project execution risks and near-term moderation in credit metrics – MBAPL is in the process to set up a DAP/NPK and SSP plant in Dhule, Maharashtra. Further, there are capacity expansions underway at the Madhya Pradesh plant as well. These capacity expansions are expected to enhance SSP market share and make the Ostwal group a sizeable name in the domestic NPK fertiliser market as well. However, this would involve significant debt drawdown as the total capex outlay is around Rs. 800 crore and will be funded in a debt-to-equity ratio of 1:1. While this is expected to moderate the debt metrics in the near term as the new capacities become operational from October 2026 and start contributing meaningfully shortly after that, the metrics should steadily improve.

Vulnerability of profitability to agro-climatic conditions and regulatory risks of fertiliser industry – The fertiliser offtake remains exposed to agro-climatic risks as the kharif sowing still remains largely dependent on monsoon rains. Any disruption in the monsoons can impact the fertiliser offtake and/or payment capabilities of farmers which in turn can impact the fertiliser volumes and payment cycles, respectively. The sector also remains exposed to regulatory risk as a major part of the realisations is dependent on NBS rates announced by the GoI for the P&K segment. In case of inadequate subsidy levels, the sector's profitability can get impacted. In the past, there have been inventory losses on the channel inventory held by the players owing to a downward revision of the subsidy rates.

Sensitivity of cash flows to timely subsidy receipt from Government of India – In the past, fertiliser companies have witnessed significant cash-flow mismatches owing to the delay in the release of subsidy by the GoI due to inadequate subsidy budgeting. However, the subsidy receipt from the GoI has remained timely over the last couple of years, keeping the working capital borrowings under check. Going forward, the timeliness of the subsidy receipt from the GoI will remain a key monitorable.

Environmental and social risks

Global efforts towards decarbonisation and focus on the impact of fertiliser use on soil health may lead to the development of new types of fertilisers and lower the demand for conventional fertilisers. However, in India, ICRA does not expect any material impact on conventional fertiliser offtake in the near to medium term, given the country's import dependence as well as the time taken by the end-consumers to accept new products. Fertiliser manufacturing has a significant carbon footprint as natural gas is the key raw material for the synthesis of hydrogen which goes into the production of ammonia and thereafter urea. With the GoI exploring the passing of a mandate for the procurement of green hydrogen by refineries and fertiliser plants, it will lead to additional cost burden on urea manufacturers.

ICRA expects the GoI to provide adequate policy support to the sector if it decides to mandate the sector to meet a part of its hydrogen requirement through the green route. Rising awareness about the use of chemical fertilisers in farming and the growing clamour for organic produce can impact fertiliser offtake. However, the productivity in organic farming remains low at present and thus the near-term risk to fertiliser offtake is low. Also, the adoption of nano fertilisers remains at a nascent stage. Going forward, technological breakthroughs resulting in organic or nano alternatives with equal or better productivity can pose a significant threat to fertiliser offtake, although the threat remains long term in nature.

MBAPL focuses on reducing the water, power and raw material usage in its operations. Further efforts are being taken to minimise waste generation.

Liquidity position: Adequate

MBAPL's liquidity position is adequate owing to healthy internal accruals as well as a buffer in fund-based working capital limits and available cash balances of around Rs. 25 crore as of September 2025-end. The company has partly tied up for term loans to fund its ongoing capex plans and is expected to complete the documentation to raise the remaining portion of the debt funding for the ongoing capex under MBAPL. With the commissioning of the ongoing capacity expansions, the net cash accruals should rise further and will keep the liquidity adequate to meet the debt repayments comfortably.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a significant scale-up in the company's revenues and profitability. An improvement in the working capital cycle, leading to an overall improvement in the credit metrics, could also lead to an upgrade. Additionally, an improvement in the consolidated credit profile of parent OPIL may also result in an upgrade.

Negative factors – The ratings could be revised downwards in case of a sustained decline in profitability, and/or a large debt-funded capex or elongation in the working capital cycle, causing a deterioration of the credit metrics and liquidity. Moreover, a moderation in the consolidated credit profile of OPIL or a weakening of the linkages with the Ostwal Group could also result in a downward revision of the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Fertilizers](#)
Parent/Group support	Parent/Group – Ostwal Phoschem Group; the ratings are based on implicit support from the parent group and ICRA's expectation of need-based financial support to MBAPL
Consolidation/Standalone	The ratings are based on the standalone financials of MBAPL

About the company

Madhya Bharat Agro Products Limited (MBAPL) is an NSE-listed company with the headquarters at Bhilwara, Rajasthan. The company was incorporated in 1997 and was taken over by the Ostwal Group in 2004. At present, the company is engaged in the manufacturing of fertilisers such as DAP/NPK and SSP along with intermediates such as beneficiated rock phosphate, sulphuric acid and phosphoric acid. The company has a manufacturing plant in Sagar (MP) and an expansion project is underway at Dhule, Maharashtra, with expected commissioning in October 2026.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	823.9	1,064.9
PAT	24.8	57.5
OPBDIT/OI	12.6%	14.4%
PAT/OI	3.0%	5.4%
Total outside liabilities/Tangible net worth (times)	1.3	1.3
Total debt/OPBDIT (times)	2.8	2.1
Interest coverage (times)	3.9	5.5

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 (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov 26, 2025	Date	Rating	Date	Rating	Date	Rating
Long term fund based	Long term	218.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Short term non-fund based	Short term	117.00	[ICRA]A1	-	-	-	-	-	-
Long term - Term loans	Long term	502.41	[ICRA]A+ (Stable)	-	-	-	-	-	-
Long term/Short term unallocated	Long term/ Short term	20.59	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based	Simple
Short term non-fund based	Very Simple
Long term - Term loans	Simple
Long term/Short term unallocated	NA

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**	NA	NA	NA	218.00	[ICRA]A+ (Stable)
NA	**Short term non-fund based**	NA	NA	NA	117.00	[ICRA]A1
NA	**Long term - Term loans**	FY2025	7.01-8.15%	FY2033	502.41	[ICRA]A+ (Stable)
NA	**Long term/Short term unallocated**	NA	NA	NA	20.59	[ICRA]A+ (Stable)/ [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: Not Applicable

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Varun Gogia
+91 124 4545 319
varun.gogia1@icraindia.com

Prashant Vasisht
+91 124 4545322
Prashant.vasisht@icraindia.com

Sahaj Gugliani
+91 124 4545814
sahaj.gugliani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches