

November 26, 2025

Ostwal Phoschem (India) Limited: [ICRA]A+ (Stable)/[ICRA]A1 assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term fund based	30.00	[ICRA]A+ (Stable); assigned
Short term non-fund based	78.00	[ICRA]A1; assigned
Long term - Term loans	32.73	[ICRA]A+ (Stable); assigned
Long term/Short term unallocated	6.27	[ICRA]A+ (Stable)/[ICRA]A1; assigned
Total	147.00	

*Instrument details are provided in Annexure I

Rationale

While arriving at the ratings for OPIL, ICRA has used the consolidated financials of OPIL which includes its subsidiaries Madhya Bharat Agro Products Ltd (MBAPL), Krishana Phoschem Ltd (KPL) and Shri Ganpati Fertilizers Limited (together known as the Ostwal Group/Group). ICRA's assigned ratings favourably factor in the established market position of Ostwal Phoschem India Ltd (OPIL) with presence in the DAP/NPK as well as single super phosphate (SSP) segment in the country, with highly backward-integrated operations. The Ostwal Group is backward integrated into manufacturing phosphoric acid and sulphuric acid and also has the facility of beneficiation of low-quality rock phosphate into high-grade rock phosphate. The same has resulted in healthy profitability for the Group by providing cost savings over the imported raw material. The Group also has a common platform to procure key raw materials e.g. rock phosphate and phosphoric acid and the operations of all the entities are highly integrated in terms of a common management and need-based support available to all the entities.

OPIL's consolidated revenues grew ~36% during FY2025 on the back of a strong demand for NPK during the year. The nutrient-based subsidy (NBS) rates were healthy during the year as well, leading to robust profitability in the NPK space. Further, with the backward integrated nature of operations at MBAPL and KPL, the profitability remained healthy. MBAPL and KPL also have beneficiated rock phosphate (BRP) plants at their respective manufacturing locations which allow the companies to use low-grade rock phosphate in the phosphoric acid manufacturing process.

The ratings are, however, constrained by the vulnerability of the fertiliser sector's profitability to regulatory policies, fixation of NBS rates and agro-climatic 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 KPL. With sizeable capex underway, the debt levels will increase at the consolidated level and will moderate the credit metrics in the near term which should start improving post commissioning of the capacities by mid FY2027. The sizeable capex exposes the Group to project execution risk and simultaneously 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 steady demand for NPK fertilisers as well as healthy profitability owing to the backward integrated operations, which will keep the credit profile comfortable.

Key rating drivers and their description

Credit strengths

Established presence in SSP/NPK fertiliser space – The Group is the second-largest manufacturer in the domestic SSP market with a capacity of ~0.6 MMTPA and an 8% market share. The Group has a healthy presence in Madhya Pradesh and Chhattisgarh, with presence across 11 states. The group's footprint will now be expanding to Maharashtra as well, through the setting up of a new plant under Madhya Bharat Agro Products Ltd (MBAPL). The new plant in Maharashtra is expected to expand the company's geographic footprint and reduce the risk of overdependence on any one state. Further, the phosphoric acid and sulphuric capacities are also being expanded to deepen the backward integration.

Backward integration into phosphoric acid and sulphuric acid, which translates into healthy profitability – The company has capacities to produce phosphoric acid and sulphuric acid from rock phosphate and sulphur, respectively. Further, key subsidiaries like MBAPL and KPL also have benefited rock phosphate (BRP) plants, which can crush low-grade rock phosphate and convert to beneficiated rock phosphate, which is then used to produce phosphoric acid in house. The backward integration of these raw materials and healthy NBS rates for NPK have kept the profitability healthy.

Group synergies in the form of common procurement platform for raw material and need-based support – The Group subsidiaries derive benefits from a common procurement platform for rock phosphate. The Group also has long-term supply arrangements with suppliers from Jordan and Egypt. Also, OPIL has extended corporate guarantees, and the promoters have extended personal guarantees for the debt subsidiaries. Further, need-based support is expected to be available to help the subsidiaries tide over any liquidity mismatches.

Credit challenges

Major debt-funded capex planned, could moderate debt metrics in near term – There is sizeable capex planned under MBAPL with an outlay of Rs. 800 crore to set up the DAP/NPK and SSP plant in Dhule, Maharashtra. This is expected to be funded in a debt-to-equity ratio of 1:1 and the operations are expected to commence from October 2026. Also, there is a capex of ~Rs. 140 crore underway under KPL which is also being funded in a similar pattern. The increased debt drawdown is expected to moderate the Group's credit metrics in the near term. However, as the new capacities become operational and ramp up steadily, the credit 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.

Liquidity position: Adequate

OPIL's liquidity position is adequate owing to healthy internal accruals as well as a buffer in fund-based working capital limits and timely subsidy payout. While the debt-funded capex could moderate the debt metrics in the near term, they are expected to remain healthy owing to steady cash flow generation amid a strong demand for NPK fertilisers.

Rating sensitivities

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

Negative factors – The ratings could be revised downwards in case of a sustained moderation in the revenue and/or profitability on a consolidated basis, and/or large debt-funded capex or elongation in the working capital cycle, causing a deterioration in the credit metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Fertilizers
Parent/Group support	Not Applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has taken a consolidated view of OPIL and its subsidiaries MBAPL, KPL and SGFL, enlisted in Annexure II

About the company

Ostwal Phoschem (India) Ltd (OPIL), incorporated in 1989 and later taken over by the Ostwal Group in 2003, is engaged in the manufacturing and marketing of single super phosphate (SSP) and granular single super phosphate (GSSP) at its plant at Bhilwara in Rajasthan, with an installed capacity of 132,000 MTPA. The company also has a Zinc Sulphate production facility with annual capacity of 6,000 MT at Meghnagar, MP. OPIL is also the umbrella company for the Group's investment purposes and has substantial stake by way of shareholding in group companies, such as Madhya Bharat Agro Products Ltd and Krishana Phoschem Ltd.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	1,853.6	2,519.2
PAT	68.5	159.1
OPBDIT/OI	13.0%	14.8%
PAT/OI	3.7%	6.3%
Total outside liabilities/Tangible net worth (times)	1.5	1.4
Total debt/OPBDIT (times)	3.5	2.1
Interest coverage (times)	3.4	4.7

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					
	Type	Amount rated (Rs. crore)	Nov 26, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term fund based	Long term	30.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Short term non-fund based	Short term	78.00	[ICRA]A1	-	-	-	-	-	-
Long term - Term loans	Long term	32.73	[ICRA]A+ (Stable)	-	-	-	-	-	-
Long term/Short term unallocated	Long term/ Short term	6.27	[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	30.00	[ICRA]A+ (Stable)
NA	Short term non-fund based	NA	NA	NA	78.00	[ICRA]A1
NA	Long term - Term loans	FY2024	8.25-10.25%	2031	32.73	[ICRA]A+ (Stable)
NA	Long term/Short term unallocated	NA	NA	NA	6.27	[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:

Company name	OPIL ownership	Consolidation approach
Krishana Phoschem Limited	67.10%	Full consolidation
Madhya Bharat Agro Products Limited	65.10%	Full consolidation
Shree Ganpati Fertilizer Limited	91.88%	Full consolidation
Seasons International Pvt Ltd.	40.00%	Equity method
Rainbow Overseas	100.00%	Full consolidation

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