December 30, 2025

Indian Farmers Fertiliser Cooperative Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Term loans	600.00	600.00	[ICRA]AA+ (Stable); reaffirmed
Long term – Fund-based – Cash credit	10,750.00	10,750.00	[ICRA]AA+ (Stable); reaffirmed
Short term – Non-fund based	5,815.00	5,815.00	[ICRA]A1+; reaffirmed
Short term – Fund-based	10,835.00	10,835.00	[ICRA]A1+; reaffirmed
Commercial paper programme	156.00	156.00	[ICRA]A1+; reaffirmed
Total	**28,156.00**	**28,156.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation factors in the leadership position of Indian Farmers Fertiliser Cooperative Limited (IFFCO) in the Indian fertiliser sector in both the urea as well as the phosphatic and potassic (P&K) fertiliser segments, along with its large marketing set-up and highly efficient operations in both segments. Moreover, the rating action is supported by IFFCO's sizeable investment portfolio which yields large dividends, interest income that supports profitability and investments made to ensure raw material security.

The ratings also favourably factor in IFFCO's healthy financial flexibility with the ability to raise working capital borrowings at competitive rates. Over the years, the society has built a large investment portfolio, with Oman-India Fertiliser Company (OMIFCO), Jordan India Fertiliser Company (JIFCO) and IFFCO-Tokio General Insurance Limited being the major investments. The company receives significant dividends from its investments, which are expected to remain at healthy levels going forward. It also has a large portfolio of interest-bearing bonds, which provide robust interest income. Some of the investments, e.g. JIFCO and Industries Chimiques Du Senegal (ICS) provide raw material security as the society has entered into long-term offtake agreements with these entities to supply rock phosphate and phosphoric acid.

The ratings also factor in its large marketing network with ~35,500 farmer cooperatives being a part of IFFCO, providing pan-India access to the farmers. Steady and timely subsidy flow from the Government of India (GoI) over the last two years, which has lowered the receivable outstanding and interest costs, also supports the ratings. ICRA expects the GoI to continue supporting the sector through the timely allocation and distribution of subsidies.

The society is also ramping up the nano urea and nano Diammonium Phosphate (DAP) segment, along with other nano nutrients. While sales of nano urea and nano DAP have increased to 2.67 crore and 0.97 crore, respectively, in FY2025, farmer acceptability remains key for growth in this segment, going forward.

The ratings are tempered by the vulnerability of profitability to agro-climatic risks and regulatory policies governing the fertiliser sector, including the fixing of nutrient-based subsidy rates. ICRA notes that the financial profile has been affected negatively in the past due to inventory losses owing to the downward revision of Nutrient-based Subsidy (NBS) rates. The profitability also remains vulnerable to the adverse movement in foreign exchange rates as the company imports a sizeable proportion of its raw materials.

The Stable outlook reflects ICRA's expectation of IFFCO's credit profile remaining stable in the near-to-medium term, driven by the timely release of subsidy by the GoI. The relatively steady performance of the urea segment, healthy demand for Nitrogen, Phosphorus and Potassium fertilisers (NPKs) and the non-operating income from dividends and investments are expected to ensure a steady cash flow, supporting the Stable outlook for the rating.

Key rating drivers and their description

Credit strengths

Market leader in fertilisers – IFFCO continues to be the largest producer of urea, with a production capacity of 4.24 million metric tonnes per annum (MMTPA) across three locations – Kalol, Phulpur and Aonla – and healthy capacity utilisation of 114% in FY2025. The society also has P&K facilities of ~4.4 MMTPA at its two plants in Kandla and Paradeep. As a result, the company maintains a market leadership position in the country's fertiliser sector.

Healthy operational efficiency of urea and DAP/NPK plants – IFFCO's urea plants continue to maintain high operational efficiency with healthy capacity utilisation across all the three units. The energy consumption of all the urea plants remains below the pre-set norms, resulting in sizeable energy savings and adding to the operating profitability. Further, the energy-efficient plants continue to be largely competitive against the urea imports. For the P&K plant, the Kandla facility is dependent on the import of phosphoric acid, while the Paradeep unit is backward-integrated and able to produce phosphoric acid from rock phosphate.

Large portfolio of investments providing dividends and interest income – The society has a sizeable investment portfolio of ~Rs. 3,700 crore, providing it with interest income and dividend income. Notable investments include Oman India Fertilizer SAOC (25%), Jordan India Fertilizer Co. (27% ownership on a standalone basis and 25% through a wholly owned subsidiary, taking it to 52% at a consolidated level), and IFFCO Tokio General Insurance Ltd (51%). It earned dividends of Rs ~1,569 crore in FY2025, aiding the overall profitability. Further, the market value of the investments is expected to be significantly higher than their book value, adding to the financial flexibility of the company as they can be monetised if the need arises.

Comfortable financial profile – The society's financial position remains comfortable with stable cash flow generation and timely subsidy payouts, keeping the debt metrics under check. The limit utilisation has been comfortable, with timely inflow of subsidy from the GoI. Additionally with healthy cash generation and limited capital expenditure (capex) undertaken, the long-term debt has reduced over the course of the last few years, significantly improving the credit profile over time. Further, it is able to raise funds from banks at competitive rates, reflecting its financial flexibility.

Well-entrenched network of cooperatives aids farmer reach and marketing – ~36,000 cooperatives hold ownership in IFFCO, helping them market their products through the society. It also enjoys a good brand recall among farmers as they conduct various promotional and farmer outreach activities such as crop seminars, field programmes, etc. With this well-entrenched network and strong brand recall, the company has garnered a healthy market share across the country and continues to be the leading fertiliser producer.

Credit challenges

Vulnerability of profitability to regulatory policies of fertiliser sector and agro-climatic risks – The profitability of the sector remains vulnerable to the regulatory policies governing the sector. Factors such as adequate NBS rates will determine the profitability of fertiliser players. Also, the performance of the sector depends on the monsoon as it directly impacts agriculture. The profitability is also exposed to foreign exchange rate fluctuations to some extent.

Exposed to elevated input costs in phosphatic segment – The prices of key inputs – ammonia and phosphoric acid – have witnessed an uptick in H2 FY2026, and the Indian rupee has also witnessed depreciation against the US dollar. The same can impact the profitability of the sector in the near term. The higher NBS rates for phosphorus and sulphur will help to partly offset this increase, however, the profitability of non-urea fertilisers could moderate.

Liquidity position: Strong

IFFCO's strong liquidity is supported by ~Rs. 5,181 crore of unencumbered cash and bank balances as of FY2025 end. The bank limit utilisation has remained low owing to the timely receipt of subsidy from the Government. Further, with a bond investment portfolio of ~Rs. 1,036 crore (including investments in state development loans), the cash generation is supported by interest income along with dividends received from the joint venture (JV) companies.

Rating sensitivities

Positive factors – A substantial improvement in the debt metrics or monetisation of stake in JVs/subsidiaries could be positive for the ratings. A meaningful contribution to the society's financial profile from the non-subsidised product portfolio will also be beneficial for the ratings. Additionally, a drop in the receivable days, leading to a sustained reduction in the working capital cycle, may support an upgrade.

Negative factors – A material cash outflow due to a large acquisition/capex will deteriorate the credit metrics and trigger a downgrade. Any material deterioration in the working capital cycle caused by subsidy receivables remaining above 120 days on a sustained basis may also impact the ratings negatively.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Fertilisers
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of the society.

About the company

Indian Farmers Fertiliser Cooperative Limited (IFFCO) was set up in November 1967 and is now one of the largest cooperative bodies, completely owned by ~35,500 cooperative societies across India. The society is engaged in manufacturing, import and marketing of fertilisers, primarily urea, DAP and complex fertilisers. It also sells other products like water-soluble fertilisers, bentonite sulphur, bio-fertilisers, plant growth promoters, etc. The company has three urea manufacturing facilities in Kalol, Phulpur and Aonla, with a cumulative production capacity of 4.24 MTPA, making it the country's largest urea manufacturer. It is also engaged in manufacturing of DAP and complex fertilisers and has two plants at Kandla and Paradeep with a cumulative capacity of 4.4 MTPA.

The society has a sizeable investment portfolio with investments in India and abroad. Notable investments include ownership in IFFCO-Tokio General Insurance, Oman India Fertilizer Company SAOC (OMIFCO), Jordan India Fertilizer Company (JIFCO), etc.

Key financial indicators (audited)

IFFCO (standalone)	FY2024	FY2025	H1FY2026
Operating income (Rs. crore)	39,330.0	41,114.9	21,426.7
PAT (Rs. crore)	2,442.6	2,823.0	1,248.2
OPBDIT/OI (%)	3.1%	6.7%	8.1%
PAT/OI (%)	6.2%	6.9%	5.8%
Total outside liabilities/Tangible net worth (times)	0.6	0.4	0.4
Total debt/OPBDIT (times)	5.9	1.4	1.4
Interest coverage (times)	2.6	6.4	12.3

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: Not applicable

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loans	Long term	600.00	Dec 30, 2025	[ICRA]AA+ (Stable)	Dec 31, 2024	[ICRA]AA+ (Stable)	Dec 14, 2023	[ICRA]AA+ (Stable)	Dec 27, 2022	[ICRA]AA+ (Stable)
Fund-based – Cash credit	Long term	10,750.00	Dec 30, 2025	[ICRA]AA+ (Stable)	Dec 31, 2024	[ICRA]AA+ (Stable)	Dec 14, 2023	[ICRA]AA+ (Stable)	Dec 27, 2022	[ICRA]AA+ (Stable)
Non-fund Based facilities	Short term	5,815.00	Dec 30, 2025	[ICRA]A1+	Dec 31, 2024	[ICRA]A1+	Dec 14, 2023	[ICRA]A1+	Dec 27, 2022	[ICRA]A1+
Fund-based facilities	Short term	10,835.00	Dec 30, 2025	[ICRA]A1+	Dec 31, 2024	[ICRA]A1+	Dec 14, 2023	[ICRA]A1+	Dec 27, 2022	[ICRA]A1+
Commercial paper programme	Short term	156.00	Dec 30, 2025	[ICRA]A1+	Dec 31, 2024	[ICRA]A1+	Dec 14, 2023	[ICRA]A1+	Dec 27, 2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Term loans	Simple
Long term – Fund-based – Cash credit	Simple
Short term – Non-fund based	Simple
Short term – Fund-based	Simple
Commercial paper programme	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 – Term loans	FY2017-FY2022	-	FY2023-FY2027	600.00	[ICRA]AA+ (Stable)
NA	Long term – Fund-based – Cash credit	-	-	-	10,750.00	[ICRA]AA+ (Stable)
NA	Short term – Non-fund based	-	-	-	5,815.00	[ICRA]A1+
NA	Short term – Fund-based	-	-	-	10,835.00	[ICRA]A1+
Not yet placed	Commercial paper programme	-	-	-	156.00	[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 – Not applicable

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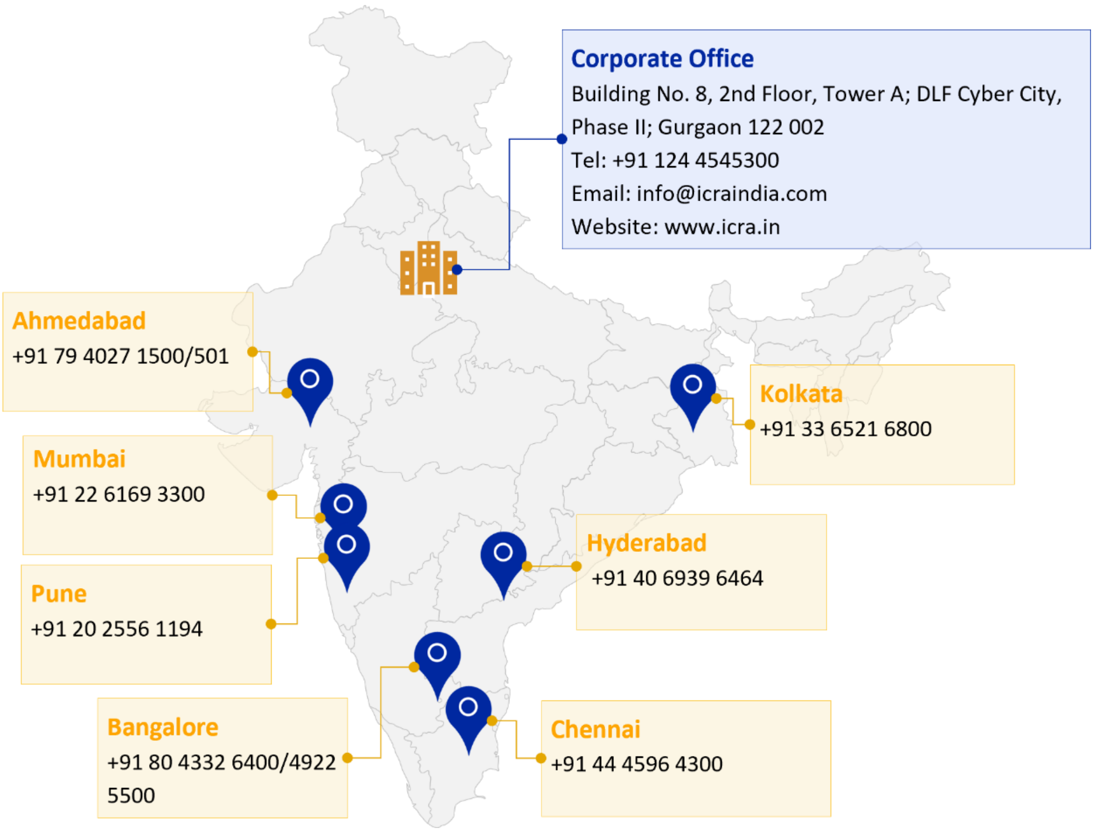

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