March 26, 2026

Rama Phosphates Limited: Ratings placed on watch with negative implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	80.00	80.00	[ICRA]A-; placed on rating watch with negative implications
Long term - Fund based - Term loan	8.00	8.00	[ICRA]A-; placed on rating watch with negative implications
Short term - Non-fund based - Others	48.00	48.00	[ICRA]A2+; placed on rating watch with negative implications
Total	**136.00**	**136.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings assigned to Rama Phosphates Limited (RPL/the company) has been placed on watch with negative implications owing to a sharp increase in sulphur prices and the sizeable dependence on imports for sulphur in the country, which is a key input for manufacturing sulphuric acid and single super phosphate (SSP). On February 28, 2026, after the breakout of the conflict in West Asia, there has been a sharp increase in the prices of finished fertilisers and raw material which could adversely impact the profitability of the fertiliser industry. While currently the availability of rock phosphate and sulphur remains adequate to meet the near term requirements, ICRA will continue to monitor the pricing and availability of sulphur and rock phosphate for the company and its impact on its earnings.

The sharp increase in sulphur prices amid the ongoing Wes Asia conflict has pushed up the company's input costs to manufacture SSP. However, the company also manufactures and sells sulphuric acid whose prices have also risen, providing a cushion to the profitability. At present, profitability on the sale of SSP remains subdued amid elevated input prices. Though nutrient-based subsidy (NBS) rates are expected to be announced shortly for the upcoming kharif season, ICRA will monitor the extent of the revision in the subsidy rates under the NBS regime and its impact on the company's earnings and credit profile. At present, the company has adequate cushion in its working capital facilities to meet any near-term liquidity requirements with minimal term debt repayments in the near term.

ICRA notes that the company is in the final stages of commissioning the Dhule plant, wherein the company is adding 0.22 MMT of SSP capacity. The commissioning of the Dhule plant in March 2026 will help scale up the revenue FY2027 onwards. The company is also looking to set up a sulphuric acid manufacturing capacity of 90,000 MT at Dhule in FY2027 at a total capital outlay of Rs. 30 crore, to be funded through a term loan of Rs. 20 crore and the rest from internal accruals. The company is also evaluating further capex in the phosphatic fertiliser segment in FY2028, the plans for which are yet to be finalised and ICRA will monitor the capex plans once those are in place.

The ratings assigned to the bank lines of RPL continue to factor in the company's established presence as a manufacturer of SSP fertiliser across Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Uttar Pradesh, Haryana etc. The ratings favourably consider the extensive experience of the promoters of more than five decades in the fertiliser and chemical businesses along with a diversified product portfolio comprising phosphate fertilisers, sulphuric acid and soya-based products.

The ratings also factor in the integrated operations of the company wherein it also manufactures sulphuric acid which is used as an input for manufacturing SSP. The backward integration ensures assured availability of raw material for the company.

The company's profitability metrics have improved considerably, with the OPM% expanding to 11.5% in 9M FY2026 from 5.9% in FY2025, and the net profit rising to Rs. 47.3 crore in 9M FY2026. The interest coverage ratio improved to 8.9x in 9M FY2026 from 3.2x in FY2025. The improvement was supported by better profitability in SSP and sulphuric acid sales.

The ratings, however, are constrained by the volatility in raw material prices, majorly rock phosphate and sulphuric acid along with the volatility in foreign exchange rates. The profitability remains vulnerable to foreign currency risk as a large part of the rock phosphate requirement and some part of the sulphur requirement is met through imports while the company does not hedge its forex exposure.

Further, the overall realisations on the sale of SSP comprise subsidy payable by the GoI and the retail price. The subsidy rates are usually fixed for a period of six months and there is limited flexibility in revising the retail prices owing to the price- sensitive nature of the end user i.e. farmers. Hence, the company's profitability remains exposed to the volatility in raw material prices.

The company's profitability is also exposed to regulatory risks pertaining to the announcement of subsidy by the GoI, which is a key driver of the industry's profitability. This, along with the schedule of the subsidy release, determines the working capital cycle of fertiliser companies. The ratings are also vulnerable to the vagaries of the monsoon as India's agricultural activity is linked to the monsoon rains. The company is also present in the soya oil division which involves the sale of unrefined soya oil and de-oiled soya cakes as animal feed. The segment has been posting minor losses for the last few years and the subdued performance is expected to continue amid volatile prices for soya oil.

For the last detailed rating rationale please refer to the link here.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Fertilizers
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

About the company

RPL manufactures phosphatic fertilisers - single super phosphate (SSP), fortified fertilisers namely boronated SSP as well as sulphuric acid and its derivatives. It also has a soya oil division which is engaged in the extraction of soya oil. RPL markets its fertilisers under the Suryaphool and Girnar brands in Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Uttar Pradesh and Haryana. The company's facilities at Indore, Pune, Udaipur and Nimbahera have a combined manufacturing capacity of 698,000 tonnes per annum (tpa) of SSP, 211,100 tpa of sulphuric acid and 120,000 tpa of soya oil.

Key financial indicators (audited)

Rama Phosphates Limited (Standalone)	FY2024	FY2025	9M FY2026*
Operating income	603.2	743.7	674.0
PAT	-31.1	13.7	47.3
OPBDITA/OI	-3.6%	5.9%	11.5%
PAT/OI	-5.2%	1.8%	7.0%
Total outside liabilities/tangible net worth (times)	1.1	1.0	-
Total debt/OPBDITA (times)	-6.9	2.9	-
Interest coverage (times)	-1.6	3.2	8.9

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore.; *Provisional Numbers*
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	FY2026					FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs Crore)**	**Mar 26, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based limits	Long term	80.00	[ICRA]A-; rating watch with negative implications	Dec 24, 2025	[ICRA]A- (Stable)	Mar 11, 2025	[ICRA]A- (Negative)	Mar 12, 2024	[ICRA]A-(Negative)	Jul 28, 2022	[ICRA]A- (Stable)
						Feb 24, 2025	[ICRA]A- (Negative)	Sep 28, 2023	[ICRA]A- (Stable)	Jun 30, 2022	[ICRA]A- (Stable)
						-	-	Sep 07, 2023	[ICRA]A- (Stable)	-	-
Non-fund based limits	Short term	48.00	[ICRA]A2+; rating watch with negative implications	Dec 24, 2025	[ICRA]A2+	Mar 11, 2025	[ICRA]A2+	Mar 12, 2024	[ICRA]A2+	Jul 28, 2022	[ICRA]A2+
						Feb 24, 2025	[ICRA]A2+	Sep 28, 2023	[ICRA]A2+	Jun 30, 2022	[ICRA]A2+
						-	-	Sep 07, 2023	[ICRA]A2+	-	-
Fund based term loan	Long term	8.00	[ICRA]A-; rating watch with negative implications	Dec 24, 2025	[ICRA]A- (Stable)	Mar 11, 2025	[ICRA]A- (Negative)	Mar 12, 2024	-	Jul 28, 2022	-
						Feb 24, 2025	-	Sep 28, 2023	-	Jun 30, 2022	-
						-	-	Sep 07, 2023	-	-	-
Unallocated	Long term/ Short term	-	-	Dec 24, 2025	-	Mar 11, 2025	-	Mar 12, 2024	[ICRA]A- (Negative)/ [ICRA]A2+	Jul 28, 2022	[ICRA]A- (Stable)/ [ICRA]A2+
						Feb 24, 2025	[ICRA]A- (Negative)/ [ICRA]A2+	Sep 28, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	Jun 30, 2022	-
						-	-	Sep 07, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Long term – Fund based - Term loan	Simple
Short term - Non-fund based - Others	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	**Fund based limits**	NA	NA	NA	80.0	[ICRA]A-; rating watch with negative implications
NA	**Non-fund based limits**	NA	NA	NA	48.0	[ICRA]A2+; rating watch with negative implications
NA	**Fund based term loan**	FY2025	10.25%	FY2031	8.0	[ICRA]A-; rating watch with negative implications

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

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

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

Aryan Jaiswal
+91 22 6169 3352
aryan.jaiswal@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

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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