

March 31, 2026

Yara Fertilisers India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Cash credit	2,600.00	2,500.00	[ICRA]AA-(Stable); reaffirmed
Long term/Short term - Non-fund based - Others	1,200.00	1,100.00	[ICRA]AA-(Stable)/[ICRA]A1+; reaffirmed
Total	3,800.00	3,600.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation factors in the energy efficient urea operations of Yara Fertilisers India Private Limited (Yara India/the company) along with the strong parentage of Yara International ASA {Yara, rated Baa2 (Stable) by Moody's Investors Service} and the demonstrated business and financial support from the parent company. Yara India owns and operates a urea unit at Babrala, Uttar Pradesh, which is one of the most energy-efficient plants in the country that enables the company to maintain healthy production levels and compete with imported urea.

The company has consistently improved its energy consumption, that averaged around 5.019 Gcal/MT for FY2025 against the normative norm of 5.417 Gcal/MT which supports its profitability. Typically, urea plants in India, including the Yara India unit, face under-recovery of fixed costs, and hence the profitability is largely driven by energy savings. Thus, a further improvement in energy consumption will help improve the profitability at the current normative norms. The company also engages in trading of other non-subsidised agri-inputs like calcium nitrate etc, which turned profitable in FY2025 and 9M FY2026 after posting losses in FY2024 on account of volatility in prices.

The ratings also factor in the steady and timely subsidy flow from the Government of India (GoI) over the past few years, which has lowered the net receivable outstanding and interest costs. Further, ICRA expects the GoI to continue to support the sector in terms of timely allocation and distribution of subsidy. Moreover, the debt on the books of the company as of now is mostly in the form of working capital borrowings, the utilisation of which remains comfortable with respect to the drawing power.

The ratings are, however, constrained by the vulnerability of the fertiliser sector's profitability to regulatory policies and agro-climatic conditions, and the sensitivity of the cash flows to timely subsidy receipts from the GoI.

ICRA notes that Yara has decided to shut down one of the urea trains at the Babrala plant, while the other train is working at 50% capacity as the disruption in LNG supplies amid the West Asia crisis has constrained gas availability for urea plants at 60% since March 06, 2026. A one-month shutdown has also been planned for April 2026 which should help manage the gas availability issues. In the light of the low interest outgo, the credit profile of Yara is expected to remain healthy.

Key rating drivers and their description

Credit strengths

Strong parentage of Yara International – Yara India is a step-down wholly-owned subsidiary of Yara International ASA {rated Baa2 (Stable) by Moody's} and receives significant support in the form of extended credit periods. Yara International ASA has also provided a corporate guarantee, backing the entire working capital bank lines of the company. While Yara India can get extended credit period on the premium products imported from Yara Asia PTE Ltd, the parent can also extend ECBs/any other financial support, if the need arises, as demonstrated in the past.

Healthy operational efficiency of urea plant – Yara India’s plant is one of the most energy-efficient plants in the country which enables the company to maintain healthy production levels and compete with imported urea. The low energy consumption is expected to ensure that the production from the Yara plant remains competitive against imported urea even in a scenario of partial or total decontrol of urea from the subsidy mechanism. Yara completed the energy saving capex during March-May 2023, post which the energy efficiency improved to 5.12 Gcal/MT in FY2024 and 5.019 Gcal/MT in FY2025. In YTD FY2026, the energy consumption has been around 5.0846 Gcal/MT (for the period Apr’25 to Feb’26) against the norm of 5.417 Gcal/MT.

Stable capital structure – Yara’s capital structure has improved in the last couple of years owing to the timely receipt of subsidy from the GoI, which has kept the working capital borrowings under check. With healthy internal accruals and modest debt on the company’s books, the credit metrics are expected to remain healthy.

Comfortable liquidity position and exceptional financial flexibility – Yara’s capitalisation and coverage metrics have improved in the last couple of years owing to the timely receipt of subsidy from the GoI since FY2021, which has kept the working capital borrowings low and fund-based limits have been utilized sparingly. In FY2025, the premium good segment reported profit, while the urea operations were also functioning at healthy capacity utilisation and energy consumption.

Credit challenges

Profitability vulnerable to agro-climatic and regulatory risks faced by fertiliser industry - The profitability of the sector remains vulnerable to regulatory policies governing the fertiliser sector, with adequate subsidy allocation being one of the key factors impacting the credit profile. The performance of the sector also depends on the monsoon as it directly impacts the agriculture sector, the end user of fertilisers.

Sensitivity of cash flows to timely subsidy release by GoI - Fertiliser companies have witnessed significant cash flow mismatches in the past owing to the delay in the release of subsidy by the GoI due to inadequate subsidy budgeting. At present, however, the subsidy flow has been timely, resulting in comfortable debt metrics. Going forward, the subsidy requirement could increase with the uptick in pooled gas prices. A timely receipt of the subsidy from the GoI will remain a key monitorable.

Modest scale of operations and volatile premium products segment – Yara India operates a single urea plant of 1.27 MMTPA capacity and trades in premium agri-input products. The company’s profitability grew in FY2025 as the traded portfolio witnessed improved profitability, while the urea operations remained stable. In FY2026, the overall profitability is expected to remain modest owing to the shutdown and lower operating rate for the urea plants in March 2026. The profitability for the trading business also remains vulnerable to foreign exchange fluctuations.

Liquidity position: Adequate

Yara’s liquidity position remains adequate, characterised by the availability of cash balances of Rs. 87 crore as on December 31, 2025, and buffer in the fund-based limits amid manageable capex plans.

Rating sensitivities

Positive factors – A sustained improvement in the profit margins amid a consistently healthy working capital intensity and an adequate liquidity profile on a sustained basis could result in an upgrade. A material diversification in revenue and profit generation into non-urea segments will also be a credit positive.

Negative factors – A deterioration in the working capital cycle, stretching the receivable days to more than 150 days on a sustained basis, may result in a downgrade. Any deterioration in the debt metrics owing to any large debt-funded capex/investments or weak profitability will also put pressure on the ratings. A weakening of the linkages with the parent and a moderation in the credit profile of the parent can also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Fertilizers
Parent/group Support	Parent Company: Yara International ASA The ratings factor in the support from the parent in the form of extended credit period offered to Yara Fertilisers India Private Limited along with the corporate guarantees and comfort letters backing the bank lines
Consolidation/standalone	Standalone

About the company

Yara Fertilisers India Private Limited (Yara India) is a step-down wholly-owned subsidiary of Yara International ASA. Yara India was incorporated in in 2011, in Maharashtra, for trading in speciality farm solutions, which were imported from the parent company. In January 2018, Yara India acquired the urea plant from Tata Chemicals for USD 42.1 Million. The manufacturing facility is at Babrala, Uttar Pradesh, with a total capacity of around 1.27 MMTPA and is one of the most efficient manufacturing plants in the sector.

Key financial indicators (audited)

	FY2024	FY2025	9M FY2026
Operating income	4925.6	5449.6	3831.0
PAT	2.0	193.6	116.5
OPBDITA/OI	3.4%	7.2%	7.6%
PAT/OI	0.0%	3.6%	3.0%
Total outside liabilities/tangible net worth (times)	1.2	1.2	
Total debt/OPBDITA (times)	1.3	0.1	
Interest coverage (times)	3.0	16.3	97.6

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

PAT: Profit after tax; OPBDITA: 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

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	March 31, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	2500.00	[ICRA]AA-(Stable);	February 10, 2025	[ICRA]AA- (Stable)	January 04, 2024	[ICRA]AA- (Stable)	-	-
Non-fund based - Others	Long term/Short term	1100.00	[ICRA]AA-(Stable) / [ICRA]A1+	February 10, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	January 04, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Long term/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	Cash credit	NA	NA	NA	2500.00	[ICRA]AA-(Stable)
NA	Non-fund based	NA	NA	NA	1100.00	[ICRA]AA-(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

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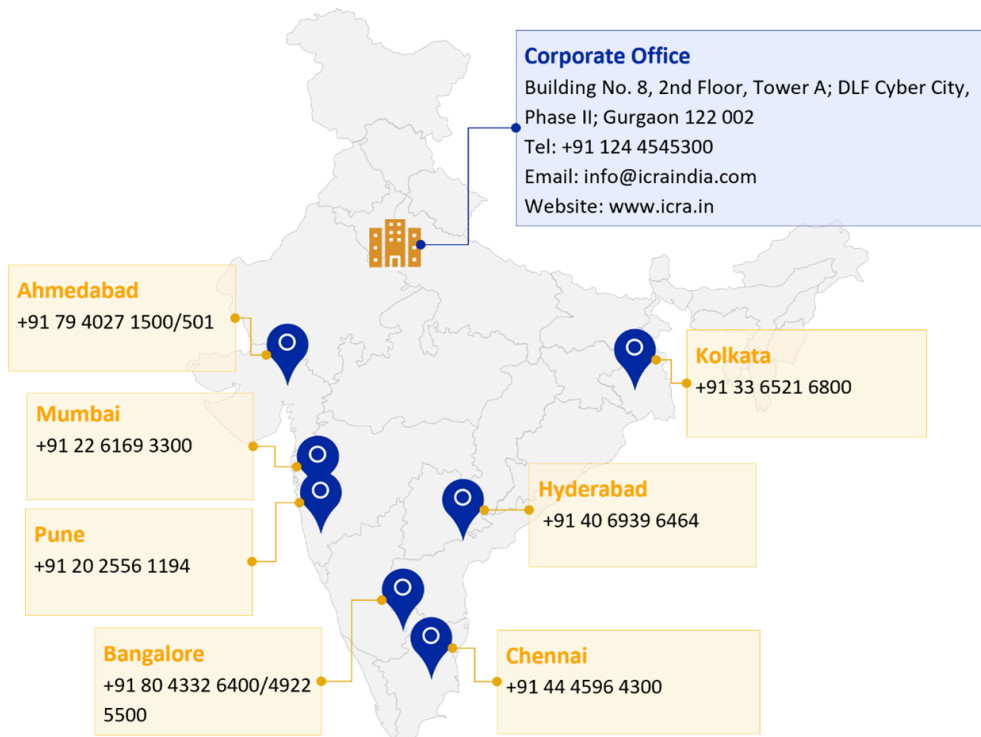


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