April 28, 2026

Rama Phosphates Limited: Ratings continue to be placed on watch with negative implications; assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based	80.00	100.00	[ICRA]A-; rating watch with negative implications and assigned for enhanced amount; continues to be on watch
Long term – Fund based - Term Loan	8.00	8.00	[ICRA]A-; rating watch with negative implications; continues to be on watch
Short term - Non-fund based - Others	48.00	60.00	[ICRA]A2+; rating watch with negative implications and assigned for enhanced amount; continues to be on watch
Total	**136.00**	**168.00**	

**Instrument details are provided in Annexure II*

Rationale

The ratings assigned to the bank lines (including the enhanced bank limits) of Rama Phosphates Limited (RPL/the company) continue to be on watch with negative implications owing to a sharp increase in sulphur prices and the fertliser industry's sizeable dependence on imported sulphur, 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 materials which could adversely impact the profitability of the fertiliser industry. While the availability of rock phosphate and sulphur remains adequate at present to meet the near-term requirements, ICRA will continue to monitor the pricing and availability of sulphur and rock phosphate and its impact on the company's earnings.

The sharp increase in sulphur prices amid the ongoing West Asia conflict has pushed up the company's input costs to manufacture SSP. However, this impact is partly mitigated by the company's integrated operations, as it also manufactures and sells sulphuric acid whose prices have risen, providing some cushion to the profitability. The backward integration also ensures assured availability of raw material for the company. The Nutrient-based Subsidy (NBS) rates announced for the Kharif season of FY2027 were inadequate to absorb the impact of the raw material price inflation. Accordingly, the company has implemented retail price hikes to pass on a portion of the increased raw material price to the farmers.

Additionally, the company holds finished goods inventory manufactured using lower cost raw materials procured before the West Asia crisis. The liquidation of this inventory in the upcoming season is expected to support the profitability. While the availability of rock phosphate remains comfortable for the company, sulphur supplies have been constrained, resulting in lower production of sulphuric acid. Nevertheless, the company's liquidity remains adequate, supported by a sufficient headroom in its working capital facilities and minimal term debt repayment obligations 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 Q1 FY2027 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, and ICRA will monitor the capex plans once these are finalised.

The ratings assigned to the bank lines of RPL continue to factor in the company's established presence as a manufacturer of SSP fertilisers across states such as Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Uttar Pradesh and Haryana. 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 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, supported by better profitability from 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 fluctuation in foreign exchange rates. The profitability remains vulnerable to foreign currency risk as a large part of its rock phosphate requirement and a part of its sulphur requirement are 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 Government of India (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.

Key rating drivers and their description

Credit strengths

Established presence in SSP segment with strong distribution network and experienced promoters - The company is promoted by the Ramsinghani family, who have an extensive experience in the fertiliser and seeds industry. RPL has an established presence across Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Uttar Pradesh and Haryana, supported by a widespread network of dealers and distributors. The company's markets its products under well-recognised brands such as Suryaphool and Girnar. Further, the strategic location of the company's manufacturing plants in Madhya Pradesh, Maharashtra and Rajasthan provide access to a vast end-user market, thereby supporting market penetration and logistical efficiency.

Diversified product portfolio - The company has a diversified product mix consisting of SSP fertilisers, sulphuric acid and its derivatives and soya-based products. RPL also manufactures fortified SSP fertilisers, which include zincated and boronated SSP and micronutrients such as magnesium sulphate. Sulphuric acid manufactured at its Indore and Pune plants is also partly used to meet its own requirements.

Highly integrated operational structure - The company has a sizeable in-house production capacity of sulphuric acid which provides a high degree of backward integration as sulphuric acid is used as a raw material to produce SSP. Further, the company has co-generation units at its Indore and Pune plants where the steam generated through exothermic reaction from burning sulphur is used to generate power, leading to savings in power costs. The excess steam from the Indore unit is also used for the soya division, improving the overall operational efficiency.

The company has also taken additional SSP capacity on lease in Q4 FY2022 and is implementing a greenfield project for additional SSP and suphuric acid capacity. The commissioning of the sulphuric acid manufacturing capacity of 90,000 MT at Dhule by FY2027 will further enhance the backward integration.

Improved capital structure - The company's credit metrics have strengthened, supported by an improvement in profitability in FY2025 and a further uptick in H1 FY2026. The debt profile in FY2025 and H1 FY2026 was largely characterised by working capital borrowings, while the long-term debt comprised unsecured loans from promoters/related parties. Consequently, the TD/OPBDITA improved to 2.9x in FY2025 and further moderated to 1.0x in H1 FY2026. The interest coverage ratio improved to 9.3x in H1 FY2026, up from 3.2x in FY2025. Going forward, the overall credit profile is expected to remain stable, supported by healthy cash generation in FY2026 and timely receipt of subsidy inflow from the GoI.

Credit challenges

Profitability susceptible to regulatory and agro-climatic risks - The company operates in the fertiliser industry, which is highly regulated and dependent on the subsidy levels announced by the GoI and the timeliness of the subsidy release. The profitability remains exposed to the changes in the subsidy rates notified by the GoI, which may sometimes be inadequate to fully offset the fluctuation in input costs. Additionally, the company's working capital cycle remains vulnerable to any delay in subsidy release by the GoI. The fertiliser division's demand and profitability are influenced by agro-climatic conditions, particularly the monsoons, due to the low coverage of irrigation in India. The operations of its soya division also remain vulnerable to the vagaries of crop cultivation in the country.

Volatility in raw material prices and foreign exchange rates - The prices of key raw materials such as rock phosphate and sulphuric acid are linked to the global market and subject to volatility arising from fluctuations in international prices and foreign exchange rates. RPL needs to maintain adequate inventory due to the seasonal nature of the fertiliser industry, exposing the stocked inventory to price risks during periods of raw material cost volatility, thereby impacting the profitability.

Modest profitability of soya business - While the company's OPM has improved in H1 FY2026 and FY2025, supported by the fertiliser and chemical divisions, the margins of the soya oil division continue to be subdued due to low value addition.

Environmental and social risks

Environmental considerations - Global efforts towards decarbonisation and the 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.

Social considerations - Rising awareness on the use of chemical fertilisers in farming and the growing clamour for organic produce can impact fertiliser offtake. The productivity of organic farming remains low at present and, thus, the near-term risk to fertiliser offtake is low. Going forward, technological breakthroughs resulting in organic alternatives with equal or better productivity can pose a significant threat to fertiliser offtake, although the threat remains long term in nature.

Liquidity position: Adequate

The company's liquidity position is expected to remain adequate, supported by an estimated cash flow from operations of Rs. 20-23 crore in FY2026, cushion in the working capital limits of ~Rs. 49 crore as on September 30, 2025 (including bill discounting limits on M1 Exchange) and a debt tie-up of Rs. 8 crore for the Dhule project. The cash generation and the funding tie-ups are adequate to meet the working capital funding needs and the balance project funding for the Dhule capex. Further, the liquidity profile benefits from the absence of any near-term debt repayment obligations.

Rating sensitivities

Positive factors – ICRA will continue to monitor the impact of the ongoing conflict in West Asia on the availability and pricing of raw materials, and in turn, on the earnings and credit profile of RPL. The ratings may be removed from watch if the impact of the ongoing geological developments is found to be not materially adverse for RPL's financial profile.

Negative factors – The ratings may be downgraded in the event of a prolonged conflict in West Asia, leading to a sustained disruption in raw material availability and adverse pricing, thus resulting in a material deterioration of the company's earnings and credit profile. Also, any sustained moderation in earnings, irrespective of the geological factors, could exert pressure on the ratings. An elongation of the working capital cycle, resulting in a deterioration of the liquidity profile, could also trigger a downgrade.

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 Is100 tpa of sulphuric acid and 120,000 tpa of soya oil.

Key financial indicators (audited)

Standalone	FY2024	FY2025	9MFY2026*
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; * Provisional numbers; All ratios 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: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Apr 28, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based limits	Long term	100.00	[ICRA]A-; rating watch with negative implications	Mar 26, 2026	ICRA] A-; rating watch with negative implications	Mar 11, 2025	[ICRA]A- (Negative)	Mar 12, 2024	[ICRA]A- (Negative)
				Dec 24, 2025	[ICRA]A- (Stable)	Feb 24, 2025	[ICRA]A- (Negative)	Sep 28, 2023	ICRA] A- (Stable)
						-	-	Sep 07, 2023	ICRA] A- (Stable)
Non-fund based limits	Short term	60.00	[ICRA]A2+; rating watch with negative implications	Mar 26, 2026	[ICRA]A2+; rating watch with negative implications	Mar 11, 2025	[ICRA]A2+	Mar 12, 2024	[ICRA]A2+
				Dec 24, 2025	[ICRA]A2+	Feb 24, 2025	[ICRA]A2+	Sep 28, 2023	[ICRA]A2+
				-	-	-	-	Sep 07, 2023	[ICRA]A2+
Fund based term loan	Long term	8.00	[ICRA]A-; rating watch with negative implications	Mar 26, 2026	[ICRA]A-; rating watch with negative implications	Mar 11, 2025	[ICRA]A- (Negative)	Mar 12, 2024	-
				Dec 24, 2025	[ICRA]A- (Stable)	Feb 24, 2025	-	Sep 28, 2023	-
				-	-	-	-	Sep 07, 2023	-
Unallocated	Long term/ Short term	-	-	Mar 26, 2026	-	Mar 11, 2025	-	Mar 12, 2024	[ICRA]A- (Negative)/ [ICRA]A2+
				Dec 24, 2025	-	Feb 24, 2025	[ICRA]A- (Negative)/ [ICRA]A2+	Sep 28, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
				-	-	-	-	Sep 07, 2023	[ICRA]A- (Stable)/ [ICRA]A2+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI

4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.
(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based limits	Simple
Short term - Non-fund based limits	Simple
Long term – Fund based - Term loan	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 II: 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	100.00	[ICRA]A-; rating watch with negative implications
NA	**Non-fund based limits**	NA	NA	NA	60.00	[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 III: List of entities considered for consolidated analysis – Not Applicable

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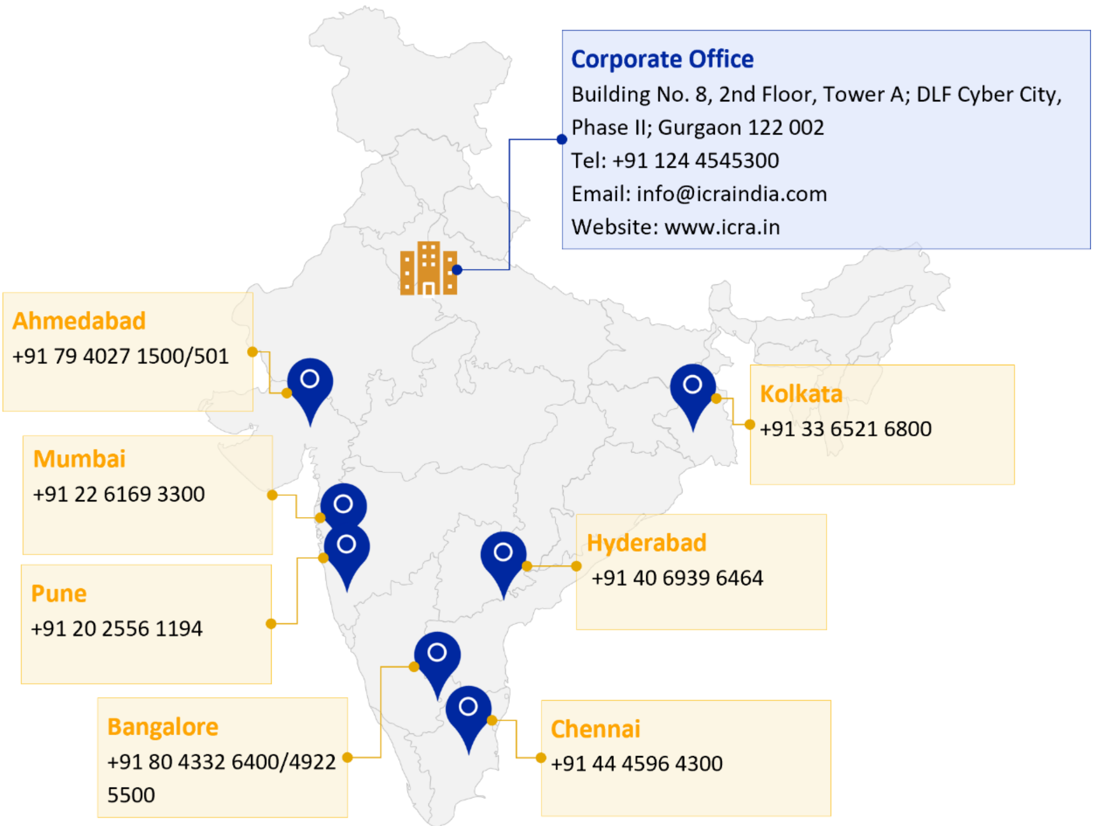

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