December 24, 2025

Rama Phosphates Limited: Ratings reaffirmed; outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund -based limits	80.00	80.00	[ICRA]A- (Stable); reaffirmed; outlook revised to Stable from Negative
Short term – Non-fund based limits	48.00	48.00	[ICRA]A2+; reaffirmed
Long term – Fund based - Term loan	8.00	8.00	[ICRA]A- (Stable); reaffirmed; outlook revised to Stable from Negative
Total	**136.00**	**136.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has revised the outlook on the long-term rating of Rama Phosphates Limited (RPL/the company) to Stable from Negative, while reaffirming the existing ratings. The revision in the outlook factors in an improvement in the company's overall credit profile, supported by a strong recovery in operating performance in FY2025 and H1 FY2026. The remunerative subsidy rates and retail prices for single super phosphate (SSP) supported the improved performance. Additionally, there has been a sharp uptick in profitability from the sale of sulphuric acid amid its constrained availability in the domestic market. As a result, the credit metrics are expected to witness a significant improvement in FY2026. ICRA expects RPL's profitability to remain healthy, given the GoI's focus on maintaining adequate availability of fertilisers and RPL's backward integrated operations supported by sulphuric acid manufacturing, which will keep the credit metrics stable.

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. ICRA expects the company to maintain a stable credit profile while incurring the aforementioned capex. 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 the raw material for the company.

The company's profitability metrics have improved considerably, with OPM% expanding to 12.3% in H1 FY2026 from 5.9% in FY2025, and the net profit rising to Rs. 33.3 crore in H1 FY2026. The interest coverage ratio improved to 9.3x in H1 FY2026 and 3.2x in FY2025 from -1.6x in FY2024 and ICRA expects the interest coverage ratio to remain around 7.0x over the course of FY2026-FY2028. The capital structure remains comfortable, with total debt/OPBDITA expected to remain in the range of 1.2x–1.5x, despite the ongoing capex for capacity expansion.

The ratings, however, are constrained by the volatility in raw material prices, majorly rock phosphate and sulphuric acid along with volatility in the 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.

Key rating drivers and their description

Credit strengths

Established presence in SSP segment with strong distribution network, extensive experience of 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 in Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Uttar Pradesh and Haryana through its network of dealers and distributors. The company's trademark brands are Suryaphool and Girnar. Further, the strategic location of the company's manufacturing plants across Madhya Pradesh, Maharashtra and Rajasthan provide access to a vast end-user market.

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 large in-house production capacity for sulphuric acid which enables 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 expenses. The excess steam from the Indore unit is also used for the soya division. The company has taken additional SSP capacity on lease in Q4 FY2022 and is in the midst of 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 improved with the improvement in profitability in FY2025 and a further uptick in H1 FY2026. The company majorly has working capital debt in FY2025 and H1 FY2026 with the long-term debt being unsecured loans from promoters/related parties. The TD/OPBDITA improved to 2.9x in FY2025 and further to 1.0x in H1 FY2026. The interest coverage ratio has improved to 9.3x in H1 FY2026 up from 3.2x in FY2025. The overall credit profile is expected to remain stable with healthy cash generation expected in FY2026 and timely 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 timeliness of the subsidy release. The profitability remains exposed to the subsidy announced by the GoI which may sometimes be inadequate. Additionally, the company's working capital cycle remains exposed to the timeliness of the subsidy release by the GoI. The fertiliser division's operations and profitability remain susceptible to agro-climatic conditions as demand for fertilisers in India is generally influenced by the monsoons due to the low coverage of irrigation. Further, 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 – Prices of key raw materials such as rock phosphate and sulphuric acid are linked to the global market and exhibit volatility with the change in international prices and foreign exchange rates. As RPL needs to maintain adequate inventory due to the seasonal nature of the fertiliser industry, the volatility in raw material prices will expose the stocked inventory to inventory price risk.

Modest profitability of soya business – While the company's OPM has witnessed a healthy improvement 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.

Environment and social risks

Environmental considerations - Global efforts towards decarbonisation and 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 expected 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 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. The company does not have any near-term debt repayments.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to demonstrate a sustained improvement in its profitability and cash flow from operations, resulting in an improvement in the credit metrics while maintaining the liquidity position.

Negative factors – A sustained moderation in the company's scale and profitability, weakening the leverage and coverage metrics, will be a trigger for downgrade. Further, a stretch in the working capital cycle or a larger debt-funded capital expenditure weakening the liquidity profile could also put pressure on the ratings.

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)

Standalone	FY2024	FY2025	H1 FY2026*
Operating income	603.2	743.7	435.97
PAT	-31.1	13.7	33.3
OPBDITA/OI (%)	-3.6%	5.9%	12.3%
PAT/OI (%)	-5.2%	1.8%	7.6%
Total outside liabilities/Tangible net worth (times)	1.1	1.0	0.8
Total debt/OPBDITA (times)	-6.9	2.9	1.0
Interest coverage (times)	-1.6	3.2	9.3

*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 amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Dec 24, 2025	FY2025		FY2024		FY2023	
				Date	Ratings	Date	Ratings	Date	Ratings
Fund based limits	Long term	80.00	**[ICRA]A-(Stable)**	Feb 24, 2025	[ICRA]A-(Negative)	Sep 07, 2023	[ICRA]A-(Stable)	Jun 30, 2022	[ICRA]A-(Stable)
				Mar 11, 2025	[ICRA]A-(Negative)	Sep 28, 2023	[ICRA]A-(Stable)	Jul 28, 2022	[ICRA]A-(Stable)
						Mar 12, 2024	[ICRA]A-(Negative)		
Non-fund based limits	Short term	48.00	**[ICRA]A2+**	Feb 24, 2025	[ICRA]A2+	Sep 07, 2023	[ICRA]A2+	Jun 30, 2022	[ICRA]A2+
				Mar 11, 2025	[ICRA]A2+	Sep 28, 2023	[ICRA]A2+	Jul 28, 2022	[ICRA]A2+
						Mar 12, 2024	[ICRA]A2+		
Fund based term loan	Long term	8.00	**[ICRA]A-(Stable)**	Feb 24, 2025	-	Sep 07, 2023	-	Jun 30, 2022	-
				Mar 11, 2025	[ICRA]A-(Negative)	Sep 28, 2023	-	Jul 28, 2022	-
						Mar 12, 2024	-		
Unallocated	Long term and Short term	0.00	-	Feb 24, 2025	[ICRA]A-(Negative)/ [ICRA]A2+	Sep 07, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Jun 30, 2022	-
				Mar 11, 2025	-	Sep 28, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Jul 28, 2022	[ICRA]A-(Stable)/ [ICRA]A2+
						Mar 12, 2024	[ICRA]A-(Negative)/ [ICRA]A2+		

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 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- (Stable)
NA	**Non-fund based limits**	NA	NA	NA	48.0	[ICRA]A2+
NA	**Fund based term loan**	FY2025	10.25%	FY2031	8.0	[ICRA]A- (Stable)

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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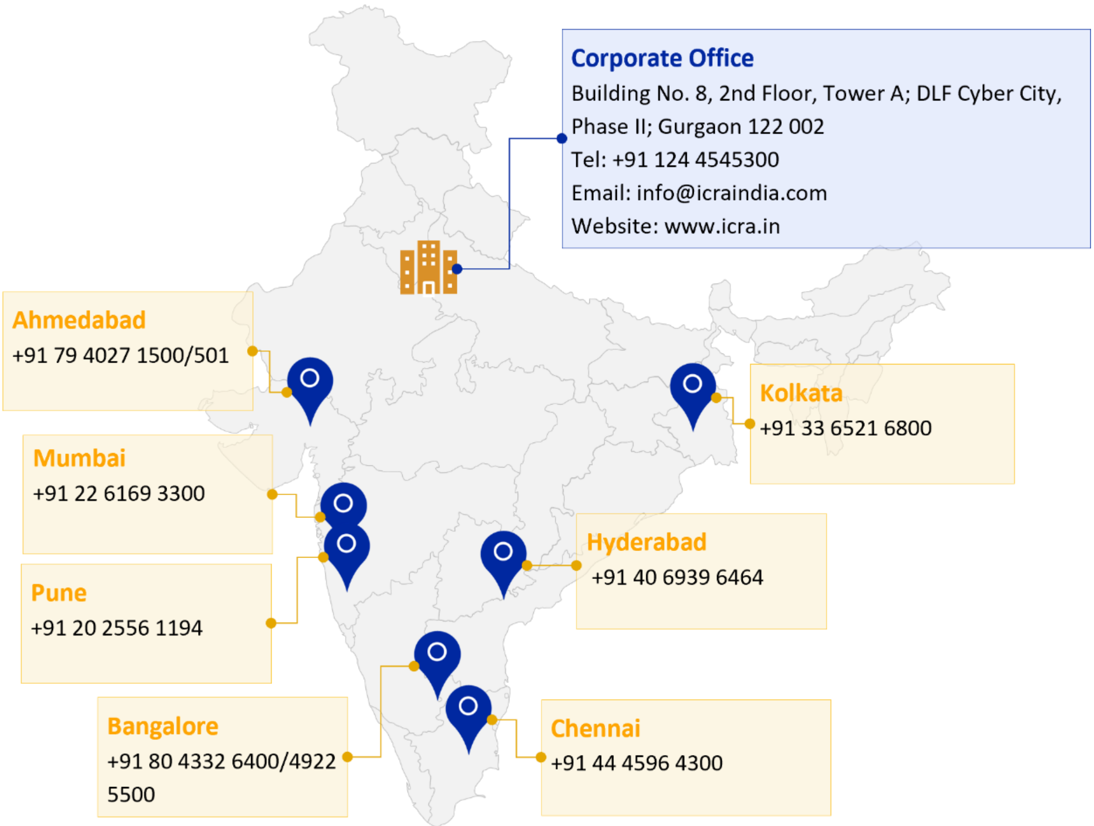

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