July 17, 2026

Rashtriya Chemicals and Fertilizers Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulators#
Short term: Commercial Paper Programme	3,000.00	3,000.00	[ICRA]A1+; reaffirmed	RBI
Long-Term – Fund Based Term Loan	3,500.00	3,500.00	[ICRA]AA (Stable); reaffirmed	RBI
Long-Term/ Short Term Non-Fund based limits	500.00	500.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed	RBI
Long-Term – Fund based/ Cash Credit	1,100.00	1,100.00	[ICRA]AA (Stable); reaffirmed	RBI
Long-Term – Non-Convertible Debentures	1,200.00	1,200.00	[ICRA]AA (Stable); reaffirmed	SEBI
Total	**9,300.00**	**9,300.00**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The rating reaffirmation considers the established position of Rashtriya Chemicals and Fertilizers Limited (RCF or the company) as one of the largest urea manufacturers in India with vertically integrated operations in fertilisers and chemicals, coupled with the healthy operating efficiency of its urea operations, reflected in the high plant utilisation levels.

The ratings also factor in RCF's sustained comfortable receivable cycle owing to the timely release of subsidy by the Government of India (GoI) and expectation of the trend continuing. The ratings further consider the low demand risk for urea and RCF's parentage with the GoI holding a 75% stake in the company and the exceptional financial flexibility arising out of its strategic importance to the GoI. The large sovereign ownership enables RCF to access the debt markets at competitive rates, thus supporting its liquidity profile.

The ratings, however, are constrained by the vulnerability of the fertiliser business to regulatory and agro-climatic risks and the high working capital intensity of the operations. While the subsidy payments in recent years have been timely, inadequate increase in subsidies or delays in payments can have an adverse impact on the company's financial profile. The profitability of the chemical division is vulnerable to commodity price cycles, exchange rate fluctuations and a potential reduction in import duty.

The company has large capex plans in the medium term for modernisation, energy-saving projects and product diversification, which will be funded by debt and internal accruals, which exposes the company to project execution risks and may put some pressure on the credit metrics. RCF is also one of the joint venture (JV) partners for the revival of the Talcher unit of Fertiliser Corporation of India (FCI), with the other stakeholders being Coal India Limited and GAIL Limited, apart from FCI.

The operating profitability improved in FY2026 compared to FY2025, supported by higher realisation from complex fertilisers and industrial chemicals and marginal energy savings in both the plants. Both the plants operated at better-than-normative energy efficiency levels - the Thal unit at 5.85 Gcal/MT in FY2026 compared to the norm of 6.20 Gcal/MT and the Trombay unit at 6.40 Gcal/MT in FY2026 compared to the norm of 6.54 Gcal/MT.

The profitability of RCF's trading portfolio was impacted by high import prices and inadequate Nutrient-Based Subsidy (NBS) rates. Going forward, the profitability of the trading segment in FY2027 will remain contingent on the import price of traded fertilisers and the adequacy of NBS rates announced by the GoI. In FY2026, RCF benefited from favourable ammonia market conditions, aided by the sale of surplus ammonia from the Thal unit to phosphatic fertiliser manufacturers and market-linked ammonia sales from the integrated Trombay unit to chemical customers. Nevertheless, the profitability of phosphatic fertiliser players depends on the NBS rates announced by the GoI. Despite the upward revision in NBS rates for kharif season 2027, imported DAP continues to be a loss-making proposition, while other NPK grades are expected to remain profitable.

The GoI is also in the process of revising the energy norms for urea units along with the fixed cost component under the retention price mechanism. The announcement of the revised norms is pending and ICRA will evaluate the impact of the move on the company's credit profile.

Further, although RCF faced some disruptions in natural gas availability in the last few months, it was able to navigate the impact by preponing the planned shutdown. Subsequently, the natural gas availability improved, supporting a recovery in the company's utilisation levels. Going forward, the operating profitability is expected to improve on the back of several energy-saving projects undertaken by the company and stable contribution from the chemical and complex fertiliser segments.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its market position in the fertiliser sector and its strategic importance to the GoI. RCF is expected to generate a robust cash flow from operations, driven by an improvement in energy consumption and a healthy share of industrial chemicals.

Key rating drivers and their description

Credit strengths

Large sovereign ownership and established position as one of the largest urea manufacturers - The GoI remains the largest stakeholder with a 75% share in RCF. The large sovereign ownership provides a high degree of financial flexibility to the company, enabling it to access to the debt markets at competitive rates, thereby supporting its liquidity profile. Further, RCF remains one of the largest urea manufacturers in India and has a strong market presence in about 10 states in the western, central and southern parts of India. Further, trading of products like diammonium phosphate (DAP) and muriate of potash (MOP) helps provide a wider basket of products to farmers.

Product diversity and vertically integrated operations - The operations of RCF are characterised by a high level of vertical integration across fertilisers and chemicals, thereby allowing value addition and diversification. The strength of the company lies in its product diversity and ability to switch between product streams in line with the market conditions.

Healthy operating efficiency for urea operations - The company has maintained robust operating efficiency at the Thal and Trombay units with high capacity utilisation. Further, the operating profitability is expected to improve because of the several energy-saving projects undertaken by the company.

Credit challenges

Sensitivity of cash flows to delays in subsidy receipts and other regulatory risks – Till FY2021, the subsidy inflow from the GoI had remained outstanding for 5-6 months, which impacted the cash flows of fertiliser companies and increased their working capital debt requirements. However, in FY2021, as part of the Rs. 65,000-crore subsidy announced under the Aatmanirbhar Bharat Package 3.0 for the fertiliser sector, RCF received additional subsidy, which substantially reduced its subsidy arrears and short-term borrowings. Consequently, the company's debt coverage metrics strengthened. The subsidy receipts from the Government have remained timely in the last few years and the trend is expected to continue. Nevertheless, ICRA notes that the fertiliser sector, being highly regulated, remains vulnerable to changes in regulations by the GoI.

Susceptible of profitability to fluctuations in natural gas prices - Natural gas is the key raw material for the company to manufacture urea and industrial chemicals. Although there were some disruptions in natural gas availability during the last few months, RCF was able to navigate the impact by preponing the planned shutdown. Subsequently, the natural gas availability improved, supporting a recovery in the company's utilisation levels. Further, the profitability from industrial chemicals remains susceptible to fluctuations in natural gas prices.

Large debt-funded capex plans over the medium term – The company has sizeable capex plans over the medium term, to be funded through a mix of debt and internal accruals. As the company's internal accruals are not adequate, most of these investments are likely to be debt funded and will yield returns only over the longer term, which will put pressure on its key credit metrics over the medium term. RCF is one of the JV partners for a greenfield coal gasification-based urea plant at Talcher (Odisha), which would entail a sizeable equity infusion and expose the company to project execution risks. The company has a balance equity investment commitment of ~Rs. 1,067 crore towards the Talcher unit.

Environmental and social risks

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.

Fertiliser manufacturing, particularly urea, has a significant carbon footprint as natural gas is the key raw material for the synthesis of hydrogen which goes into the production of ammonia and thereafter urea. The GoI is considering passing a mandate for refineries and fertiliser plants to procure green hydrogen, which may result in additional cost burden on urea manufacturers. ICRA expects the GoI to provide adequate policy support to the sector if it decides to mandate the sector to meet a part of its hydrogen requirement through the green route.

Rising awareness about the use of chemical fertilisers in farming and the growing clamour for organic produce can impact fertiliser offtake. However, the productivity in 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 enjoys high financial flexibility due to its sovereign ownership, resulting in easy access to the debt markets, which lends comfort from a credit perspective. The company has comfortable cushion in the form of unutilised working capital limits, indicated by the low utilisation of 22% of the sanctioned fund-based limits and 39% of its drawing power for the 12-month period ended April 2026. The company has sizeable capex plans over the next few years, to be funded through a mix of debt and internal accruals. Further, the company has a balance equity investment commitment of ~Rs. 1,067 crore towards the Talcher unit. The repayment obligation is ~Rs. 213.2 crore in FY2027 which is expected to be comfortably met from the cash flow from operations. RCF's liquidity profile is expected to remain adequate due to the availability of unutilised limits and high financial flexibility.

Rating sensitivities

Positive factors – A substantial improvement in the profit margins amid a healthy working capital intensity and an adequate liquidity profile on a sustained basis could lead to an improvement in ratings.

Negative factors – A sustained decline in revenues and margins, or any stretch in the working capital position of the company owing to a receivable period of more than 150 days will be negative for credit rating. Further, any deterioration in the debt metrics owing to any large debt-funded capex/investments or weak profitability will put pressure on the ratings. Additionally, a reduction in the GoI's stake below 51% could lead to a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Fertilizers Chemicals
Parent/Group support	**Parent: Government of India** The ratings factor in the parentage of the GoI and the strategic importance of RCF for the GoI, as the company is a major fertiliser supplier in the country
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Rashtriya Chemicals and Fertilizers Limited. As on March 31, 2026, the company has two JVs, which are enlisted in Annexure II

About the company

Rashtriya Chemicals & Fertilizers Limited (RCF), established in 1978, has a diversified product portfolio of urea (~43% of overall sales in FY2026), complex fertilisers (~15%), traded fertilisers (~32%) and industrial chemicals (~9%). RCF has two plants in Maharashtra—one each at Trombay and Thal. The Thal unit is primarily engaged in the production of urea (capacity of 2 MMTPA), besides a few industrial chemicals. The Trombay unit manufactures a wide range of industrial products, complex fertilisers (capacity of 0.66 MMTPA) and urea (capacity 0.33 MMTPA). The company's industrial chemicals portfolio comprises 15 products, such as ammonium nitrate, nitric acid and methylamines. The Government of India holds a 75% stake in the company.

Key financial indicators (audited)

RCF (consolidated)	FY2025	FY2026*
Operating income	16,933.6	18,480.2
PAT	241.6	429.8
OPBDITA/OI	4.0%	5.1%
PAT/OI	1.4%	2.3%
Total outside liabilities/Tangible net worth (times)	1.4	2.3
Total debt/OPBDITA (times)	4.1	4.4
Interest coverage (times)	2.7	3.2

*Source: Company, ICRA Research; * Results; 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: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jul 17, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	1,100.00	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)	28-Jun-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-Nov-2024	[ICRA]AA (Stable)	-	-
Term loan	Long term	3,500.00	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)	28-JUN-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-Nov-2024	[ICRA]AA (Stable)	-	-
Non-fund based	Long term /Short term	500.00	[ICRA]AA (Stable)/ [ICRA]A1+	Mar 24, 2026	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)/ [ICRA]A1+	26-Nov-2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
				July 17, 2025	[ICRA]AA (Stable)/ [ICRA]A1+				
Commercial paper	Short term	3,000.00	[ICRA]A1+	Mar 24, 2026	[ICRA]A1+	-	-	-	-
				Jan 15, 2026	[ICRA]A1+	28-Jun-2024	[ICRA]A1+	30-Jun-2023	[ICRA]A1+
				July 17, 2025	[ICRA]A1+	26-Nov-2024	[ICRA]A1+	-	-
Non-convertible debentures	Long term	-	-	Jan 15, 2026	[ICRA]AA (Stable); Withdrawn	28-Jun-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-Nov-2024	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	300.00	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)	28-Jun-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-Nov-2024	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	300.00	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)				
				Jan 15, 2026	[ICRA]AA (Stable)	28-Jun-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-Nov-2024	[ICRA]AA (Stable)	-	-

Non-convertible debentures	Long term	205.00*	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)	28-Jun-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-NOV-2024	[ICRA]AA (Stable)	-	-
Non-convertible debentures	Long term	395.00	[ICRA]AA (Stable)	Mar 24, 2026	[ICRA]AA (Stable)	-	-	-	-
				Jan 15, 2026	[ICRA]AA (Stable)	28-JUN-2024	[ICRA]AA (Stable)	30-Jun-2023	[ICRA]AA (Stable)
				July 17, 2025	[ICRA]AA (Stable)	26-NOV-2024	[ICRA]AA (Stable)	-	-

**yet to be placed*

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Term loan	Simple
Non-fund based limits	Simple
Non-convertible debentures	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	Financial Sector Regulators#
INE027A08028	**NCD**	Aug 7,2024	7.99%	Aug 7,2027	300.0	[ICRA]AA(Stable)	SEBI
INE027A08036	**NCD**	Jun 30, 2025	7.49%	Jun 30, 2028	300.0	[ICRA]AA(Stable)	SEBI
INE027A08044	**NCD**	Sep 25, 2025	7.60%	Jul 25, 2029	395.0	[ICRA]AA(Stable)	SEBI
Yet to be placed	**NCD**	NA	NA	NA	205.0	[ICRA]AA(Stable)	SEBI
NA	**Cash credit**	NA	NA	NA	1,100.0	[ICRA]AA(Stable)	RBI
NA	**Term loan 1**	Dec 2020	NA	Jun 2028	90.0	[ICRA]AA(Stable)	RBI
NA	**Term loan 2**	Jun 2023	NA	Jun 2029	130.0	[ICRA]AA(Stable)	RBI
NA	**Term loan 3**	Mar 2025	NA	Mar 2031	285.0	[ICRA]AA(Stable)	RBI
NA	**Term loan 4**	May 2025	NA	Apr 2027	72.0	[ICRA]AA(Stable)	RBI
NA	**Term loan 5**	Aug 2025	NA	Sep 2037	2200.0	[ICRA]AA(Stable)	RBI
NA	**Proposed term loans**	NA	NA	NA	723.0	[ICRA]AA(Stable)	RBI
NA	**Non-fund based limits**	NA	NA	NA	500.0	[ICRA]AA(Stable)/ [ICRA]A1+	RBI

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulators#
Not placed	**Commercial paper**	NA	NA	1-365 days	3,000.0	[ICRA]A1+	RBI

Source: Company

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[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company name	RCF ownership	Consolidation approach
Urvarak Videsh Limited (UVL)	33.33%	Equity method
Talcher Fertilizers Limited (TFL)	33.33%	Equity method

Source: company

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