

Fertis India Private Limited

July 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	70.00	CARE BBB-; Stable / CARE A3	Downgraded from CARE BBB; Stable / CARE A3+
Short-term bank facilities	5.00	CARE A3	Downgraded from CARE A3+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Fertis India Private limited considers decline in total operating income (TOI) FY25 (provisional; FY refers to April 01 to March 31), significant moderation in profitability compared to previous fiscal, lower-than-envisaged financial performance in the last two years ending FY25 owing to high input costs and farmer preference in opting for more affordable bulk fertilisers increased pressure on sale of water soluble fertilisers, increase in reliance on working capital and elongation in operating cycle.

Ratings derive strength from approvals received for its products, diversified product portfolio, niche product offering in speciality fertilisers driven by strong research and development (R&D), strategic location of the manufacturing unit and strong distribution network, comfortable capital structure and debt coverage indicators, adequate liquidity, experienced management with established track record of operations and favourable industry prospects.

These strengths are partially offset by product and geographical concentration risk, high dependency on vagaries of monsoon and climatic conditions and profitability margins susceptible to raw material price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Continuing demand for the company's products resulting in increasing sales volumes leading to TOI improving above ₹350 crore.
- Maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 9% on a sustained basis.

Negative factors

- Declining TOI and PBILDT levels by over 20% for the projected period.
- Deteriorating overall gearing above 0.75x.

Analytical approach: Standalone. Factoring in investment in its subsidiaries, Farmgate Technologies Private Limited and Shonosh Pte Limited.

Outlook: Stable. CARE Ratings Limited's (CareEdge Ratings) expectation of stable scale of operations and the company's profitability in the near-to-medium term and comfortable financial risk profile with no term debt envisaged to be raised in the near future.

Detailed description of key rating drivers:

Key strengths

Experienced management with good track record of operations

FIPL is led by chairman; P Rambabu and President and CEO; P Gopala Krishna, who are qualified postgraduates having over three decades' experience in similar business. They are ably supported by a team of well-qualified and experienced professionals to enable smooth operations on day-to-day basis. Promoters are resourceful and committed to infuse funds to support increasing scale of business operations. In FY24, BEYOND BETA LLC-FZ (BBL), a Dubai-based investment firm, acquired an 80.30% equity stake in FIPL from the promoter, S Bangara Raju, who previously held 99.999% ownership position. As part of this transaction, Raju was granted bonus shares in the form of compulsory convertible preference shares (CCPS), ensuring his continued financial interest in FIPL despite reduced direct ownership.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Comfortable capital structure with moderate debt coverage indicators

The company's capital structure, marked by adjusted overall gearing ratio deteriorated but remained comfortable at 0.29x as on March 31, 2025, against 0.22x as on March 31, 2024, which is majorly considering improved net worth due to healthy profits accredited to net worth. However, other debt coverage indicators, PBILDT interest coverage ratio and total debt to gross cash accruals (TD/GCA) though deteriorated to 3.26x and 4.32x in FY25. Adjusted net worth includes investment in recently acquired subsidiary company, Shonosh PTE Limited in FY24 and other subsidiaries.

Strategic location of manufacturing unit and strong distribution network

The manufacturing unit is at Sadashivpet in Sangareddy, Telangana. FIPL is promoting their products in domestic market with strong distribution network of over 7000 dealers. The company has been monitoring needs of farmers with ~₹7.55 lakhs for crops and soil through Prorise program.

Proprietary product/service offering in Agrochemical Industry

FIPL is in manufacturing and distributing proprietary products including a range of specialty fertilisers, which are customised for different crop types, soil and mode of applications. The company is providing products and services through its branded crop program, ProRise, crop specific and stage specific (seed to harvest) solutions with significant benefits.

Strong research and development (R&D)

FIPL has been investing in R&D and commercialised products over the years such as Trail, Intensiv, Tracs, Act, Akre, Zetol, Ecolaid and Dormulin. Development of new product classes and upgradation of existing products will add to product offerings. The company has applied for multiple patents in the last five years and was approved with five patents by Q1FY26. FIPL products are certified by FCO, APOF organic certification (AOCA) and Indian Society for Certification of Organic Products (ISCOP).

Key weaknesses

Significant moderation in financial performance

The company's TOI declined by 19% to ₹302.68 crore in FY25 against ₹374.31 crore in FY24 which is primarily due to elevated raw material costs (MAP, MKP and NOP) and softening of selling prices driven by heightened competitive pressure from substitute products in bulk fertilisers segment, as farmers increasingly opted for more affordable and subsidised alternatives. Despite increase in revenue from proprietary products to 70% in FY25 (up from 50% over the last three years ended FY24), profitability remained under pressure with rise in input costs, fixed overheads and higher R&D expenditure. As a result, PBILDT and profit after tax (PAT) levels declined by ~47% and 58%, respectively, to ₹15.05 crore ₹8.36 crore in FY25 compared to FY24.

Over the last three years, the company's PBILDT and PAT margins witnessed a downward trend, contracting from 11.11% and 8.51% in FY22 to 4.97% and 2.76% in FY25, respectively.

Elongated operating cycle

The company's operating cycle further elongated to 188 days in FY25 (PY: 133 days) considering increase in collection period from 92 days to 169 days and inventory days remained at 67 days (PY: 67 days) due to revision in credit terms extended by FIPL to its B2B customers from 90 days to 120 days in FY24 to retain and gain more customers and long pending dues pending for ~₹48.83 crore which further resulted in increased collection period. Elongation in collection period also resulted in increased reliance on bank borrowings with outstanding of ₹39.82 crore as on March 31, 2025 (increased from ₹7.60 crore as on March 31, 2022).

Product and geographical concentration risk

FIPL has diversified product portfolio of over 10 products and is also in trading imported water-soluble fertilisers. FIPL's top three products (including traded water-soluble fertilisers) contributes ~74% total revenue in FY25 (FY23: 85%) resulting in product concentration risk. FIPL primarily sells its products in Andhra Pradesh, Telangana, Maharashtra, Madhya Pradesh, and Karnataka. Although sales have expanded nationwide, Andhra Pradesh and Telangana remain the major contributors, accounting 50% TOI resulted in geographical concentration risk.

FIPL is actively pursuing an expansion of its geographical presence and plans to boost volume of IP products in other states in India and through exports in the upcoming fiscal years. These strategic efforts are anticipated to reduce product and geographical concentration risks in the foreseeable future.

Investment or support to subsidiaries

FIPL invested ~₹40 crore in the subsidiary company, Shonosh PTE Limited in FY24 (erstwhile subsidiary of BBL), which is in advanced stages of developing green water-soluble fertilisers, an innovation poised to shape the future of the agricultural industry and closely aligns with FIPL's strategic objectives. FIPL has successfully validated Shonosh's proprietary technology and pilot plant operations. FIPL's potential to capitalise on the advantages of this investment is yet to unfold, and while this presents an opportunity for growth, uncertainty surrounding its outcome has an inherent element of risk. Increase in investment in group/associate entities and the company's ability to generate commensurate benefits from this, may remain critical from the rating and credit perspective.

Profitability susceptible to raw material price volatility

Raw materials cost is major cost component of cost of sales. The company's profitability margins are highly susceptible to volatile raw material prices, particularly, WSFs being major raw materials component, which directly contributes ~50% of total TOI and rise in the input costs exerting pressure on profitability margins. Major raw materials used by FIPL, which are volatile and are being imported from other countries to gain twin advantage of extended credit from foreign vendors besides competitive prices by gaining access to new suppliers and provides sufficient cushion to the company to meet working capital requirements.

Exposure to competition and susceptible to changes in regulations and seasonality inherent in the agrochemicals sector

Domestic agrochemical industry has many un-organised players with regional presence. FIPL faces intense competition from organised and unorganised players in the domestic market. Fortunes of the sector are linked to quantum, timing, and distribution of rainfall in a year, exposing players' revenue to seasonal trends. Surplus or inadequate rainfall could hit the profitability of players, and lead to build-up in working capital requirement. FIPLs products/solutions are less regulated compared to generic/subsidised fertilizers and pesticides. With the government's focus on encouraging innovations that help farmers, deregulating customised and environmentally sustainable products, which form majority FIPLs products. FIPLs solutions are sold throughout the year (Pre Kharif, Kharif, Pre Rabi and Rabi), across climatic zones, seasons and across the country. This mitigates risk to a certain extent.

Liquidity: Adequate.

Liquidity is adequate marked by accruals of ₹9.20 crore in FY25 with no debt repayment obligations and liquid investments of ₹5.89 crore as on March 31, 2025. Average utilisation of working capital limits utilised at 83% for 12-months ended May 2025. Unutilised limits provide sufficient cushion to meet working capital requirement.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Fertilizer](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Fertilizers and agrochemicals	Fertilisers

FIPL was incorporated in August 2012 in Hyderabad, Telangana. FIPL is an agri innovation company providing complete crop solutions under its ProRise Program from seed to harvest. ProRise solutions are aimed at enhancing yield and quality, reducing crop losses considering biotic and abiotic stresses, produce safe and nutritious produce sustainably and improve crop returns under challenging conditions. FIPL is in manufacturing niche products, which are organic certified by APOF Organic Certification

Agency (AOCA) and Indian Society for Certification of Organic Products (ISCOP). The company has several novel, patented and high potential products in its portfolio, which makes its products differentiate from bulk fertilisers in the market.

Brief Financials (₹ crore) – Standalone	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	374.31	302.68
PBILDT	28.52	15.05
PAT	20.10	8.36
Adjusted Overall gearing (times)	0.22	0.29
Interest coverage (times)	7.31	3.26

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	70.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	5.00	CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ST-Cash Credit	LT/ST	70.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3+ (09-Oct-24)	1)CARE BBB; Positive / CARE A3+ (17-Aug-23)	1)CARE BBB; Stable / CARE A3+ (12-Sep-22)
2	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	1)Withdrawn (09-Oct-24)	1)CARE A3+ (17-Aug-23)	1)CARE A3+ (12-Sep-22)
3	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A3	-	1)CARE A3+ (09-Oct-24)	1)CARE A3+ (17-Aug-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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