

Zuari Farmhub Limited

August 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Negative and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	35.00	CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Zuari Farmhub Limited (ZFL) to monitor the ratings vide e-mail communications dated May 06, 2025, and August 12, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on ZFL's bank facilities will now be denoted as **CARE BB+; Stable/CARE A4+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of insufficient information to conduct a detailed review of the ratings. Further, the ratings remain constrained by significant underachievement and moderation in operational performance during FY24 (refers to April 01 to March 31) owing to lower rainfall in Maharashtra and Karnataka, which further aggravated industry challenges already dealing with muted demand and high channel inventory in the agrochemical industry, exerting pressure on both revenues and profitability. Additionally, ratings are also constrained by vulnerability of profitability to agro-climatic conditions, regulatory risk, and seasonality of the fertilizer business and intensely competitive market. However, ratings derive strength from the strong presence of the Adventz group across various business verticals, professionally driven nature of the company with experienced management with over two decades of experience in the industry, and wide distribution network with presence through its chain of retail stores.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on June 13, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Stagnant scale of operations along with net loss in FY24

The total operating income of the company moderated to ₹781.85 crore in FY24 from ₹840.92 crore in FY23, marking a decline of approximately 6%. This decrease was primarily due to lower rainfall in central parts of the country and high-cost inventory during the first half of the fiscal year. The company operates 365 stores in Maharashtra and Karnataka, regions that experienced more than 55% reduction in rainfall, leading to decreased agricultural output and a corresponding decline in demand for the company's products. Additionally, major fertilizer brands offered significant discounts and rebates to channel partners to clear their inventory. The company had purchased large quantities of Water-Soluble Fertilizers at higher prices in 2023. To remain competitive, it provided customized rebates based on regions, dealers, and products, resulting in lower price realization and profitability. Consequently, the company reported net loss of ₹11.98 crore in FY24 as against Net profit of ₹21.51 crore in FY23.

Vulnerability of profitability to agro-climatic conditions, regulatory risk, and seasonality of the fertiliser business

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

The financial health of the fertilizers manufacturers or traders largely depends on the sowing season, vagaries of monsoon, status of subsidy outgo and the existing channel inventory level. The raw materials and the traded goods derive their prices from the global crude price while international prices of DAP and MOP etc., are based on the demand and supply, therefore the turnover of the company fluctuates based on the global crude & commodity prices and are also vulnerable to exchange rate movement. The profitability in the industry is influenced by the regulations governing various types of fertilisers, wherein, the government controls the fertiliser prices and provides subsidies. The quantum of subsidy receivables and delays associated with the receipt of the same inherently impacts the liquidity of the fertiliser industry, albeit differs with the type of fertilizer. Erratic weather conditions disrupted the fertilisers demand significantly, preventing the company from selling its procured stock as planned. Despite these challenges, the company managed to reduce its inventory levels. However, the increased presence of stores made it more difficult to manage the unsold stock, further affecting overall performance of the company.

Key strengths

Affiliation with the Adventz group leading to operational synergies with the group companies and an experienced management

ZFL is part of the Adventz Group, the Delhi-based Saroj Kumar Poddar faction of the K.K. Birla group, with interests in agri-inputs, engineering, infrastructure, real estate, consumer durables, and services. It is promoted by Zuari Agro Chemicals Ltd (ZACL), the group's flagship company that acts as a holding company for fertilizer-related businesses, while non-fertilizer businesses fall under Zuari Industries Limited (ZIL, CARE BBB-; Stable/ CARE A3). As part of the Adventz Group, ZFL benefits from established business linkages for better market reach. ZACL transferred its fertilizer trading business to ZFL and its fertilizer manufacturing assets to Paradeep Phosphates Limited (PPL) to deleverage ZACL's balance sheet. ZFL operates independently with a professional management team led by Managing Director Mr. Madan Mohan Pandey, who has over two decades of experience in the fertilizer industry. The company is chaired by Mr. Akshay Poddar, who also serves on the boards of notable organizations such as The Fertiliser Association of India, Indian Chamber of Commerce Calcutta, and Mangalore Chemicals and Fertilizers Limited (CARE A- / CARE A2+ (Rating Watch with Developing Implications)).

Established retail chain network

Incorporated in November 2019, ZFL undertakes trading of various fertilizers to provide a wide range of agri products to the farmers such as SPN (Specialty Plant Nutrients), CPC (Crop Protection Chemicals) and also sells via their retail stores. The company is also engaged in the manufacturing of water-soluble fertilizers. The company has a network of more than 4300 active dealers. The company also has 577 multi-brand retail stores under the name of "Jai Kisaan junctions" spread across the country as on March 31, 2024, which offer multiple brand products including its in-house brands of CPC and SPN. The company also sells its products to Farmer Producer Organizations (FPOs) and cooperatives. The retail segment contributed ~46% of the total revenue during FY24 (PY: ~44%).

Comfortable financial risk profile albeit with moderation in debt coverage metrics

The net worth of the company moderated to ₹81.03 Cr as against ₹90.58 Cr on account of net losses reported during FY24. The debt profile of the company includes lease obligations and LC acceptances leading to a total debt of ₹118.67 Cr. The company's financial risk profile is comfortable marked by overall gearing of 1.39x as on March 31, 2024 (PY: 1.24x). However, the debt coverage indicators moderated marked by interest coverage of 0.70x (PY: 5.70x) and total debt to PBILDT of 13.80x (PY: 2.39x). The company had a working capital loan of ₹20 Cr outstanding as on March 31, 2024. However, any debt funded capital expenditure in future would remain a key monitorable.

Lean operating cycle

ZFL maintains a lean operating cycle, with operating cycle days of 23 days (PY: 8 days). This efficiency is driven by the retail segment, where sales are primarily on a cash-and-carry basis, and payments to suppliers are made upon inventory liquidation. In other segments, the company typically receives a 45-90 days credit period from suppliers and extends a 60-day credit period to its customers. The slight moderation in the operating cycle is due to an increase in inventory days to 62 days (PY: 44 days), although overall inventory levels have decreased year-on-year.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Fertilizer](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Fertilizers & Agrochemicals	Fertilizers

Incorporated in November 2019, ZFL operates 577 multi-brand retail stores across the country as on March 31, 2024. Further, the company is engaged in the trading of SPN and CPC. Besides, the company also manufactures of water-soluble fertilizers. ZACL in 2020 hived off its specialty fertilisers, retail, crop protection and crop care business to its subsidiary Zuari Farmhub Limited (ZFL).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	840.92	781.85
PBILDT	46.78	8.60
PAT	21.51	-11.99
Overall gearing (times)	1.24	1.39
Interest coverage (times)	5.70	0.69

A: Audited; 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-Cash Credit		-	-	-	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	45.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	35.00	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Cash Credit	LT	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Negative (13-Jun-24)	1)CARE BBB-; Stable (27-Jul-23)	-
2	Non-fund-based - ST-Letter of credit	ST	35.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (13-Jun-24)	1)CARE A3 (27-Jul-23)	-
3	Fund-based - LT-Working Capital Limits	LT	45.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Negative (13-Jun-24)	1)CARE BBB-; Stable (27-Jul-23)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in
	Rohit Bhatia Lead Analyst CARE Ratings Limited E-mail: Rohit.Bhatia@careedge.in

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