

## Nova Agritech Limited

September 17, 2025

| Facilities/Instruments    | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action                             |
|---------------------------|------------------|---------------------|---|
| Long-term bank facilities | 30.99            | CARE BBB; Stable    | Reaffirmed; Outlook revised from Positive |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Nova Agritech Limited (NAL) derives strength from the company's established track record supported by efficient management team, diversified product portfolio, established distribution network across geographies, improvement in scale of operations and healthy profit margins in FY25 (FY refers to April 01 to March 31), comfortable capital structure and debt coverage indicators and stable industry outlook. However, the rating is tempered by elongated operating cycle, profitability margins susceptible to raw material price volatility, exposure to competition and susceptibility to changes in regulations and high dependency on vagaries of monsoon and climatic conditions. Revision in outlook from positive to stable considers elongated working capital cycle and moderation in profitability in FY25.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total operating income (TOI) improving above ₹300 crore with a sustainable profitability margin of over 18%.
- Operating cycle improving below 150 days.

#### Negative factors

- Decline in TOI and profit before interest, lease rentals, depreciation, and taxation (PBILDT) levels by over 20% for the projected period.
- Additional term debt resulting in deterioration of the company's capital structure marked by overall gearing above unity.

### Analytical approach: Consolidated

Consolidated financials of NAL and its subsidiary Nova Agri Sciences Private Limited (NASPL) have been considered to arrive at the rating. NASPL is a wholly owned subsidiary of NAL. Refer Annexure-6

### Outlook: Stable

The 'Stable' outlook on the rating of NAL reflects CARE Ratings Limited's (CareEdge Ratings) belief that the company will benefit from the promoters' experience and resourcefulness, with improvement in the company's financial profile, supported by its growing geographical presence.

### Detailed description of key rating drivers:

#### Key strengths

##### Established track record of the company supported by efficient management team

NAL was established as a private limited company on May 09, 2007, in Hyderabad, Telangana. NAL is led by a management team with extensive experience in the agricultural sector. Kiran Kumar Atukuri, the company's Managing Director and promoter, has an experience of over 18 years in Agri-chemical companies, seed companies and fertiliser companies. He takes all corporate decisions and manages the company's entire business operations specifically manufacturing and sales operations.

##### Diversified product portfolio

The company has a diversified branded product portfolio, offering a wide range of products to meet agricultural needs, including soil health management, crop nutrition, and crop protection. Their product categories encompass soil health management items such as organic fertilisers, bio fertilisers, and soil conditioners; crop nutrition products such as micronutrient fertilisers, beneficial element fertilisers, straight nitrogen fertilisers, straight potash fertilisers, and 100% water-soluble NPK fertiliser; and crop protection solutions including insecticides, fungicides, herbicides, and plant growth regulators.

##### Established distribution network across geographies

The company markets, sells, and distributes its extensive range of products to farmers across India through a robust distribution network of dealers across states. Their dealer network includes 6000+ active dealers, who purchased and distributed the company's products in the last financial year. NAL's dealer network spans 18 Indian states. NAL has established marketing,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

distribution, and supply agreements with third parties in Bangladesh, Sri Lanka, and Vietnam, and is currently awaiting necessary permissions to commence business operations in these regions.

### **Improvement in scale of operations and healthy profit margins**

On a consolidated level, the company has seen improvement in the TOI, increasing from ₹252.50 crore in FY24 to ₹296.60 crore in FY25 translating to a growth of 17.47%. On the other hand, on a standalone basis the company has seen a moderation in TOI declining from ₹179.84 crore in FY24 to ₹165.86 crore in FY25 considering adverse monsoon conditions in the last year. The company's margins have shown a consistent improvement over the years. However, over the last two years, there has been a slight moderation. In FY25, the PBILDT margin declined to 15.22% from 17.56% in FY24, primarily due to an increase in raw material (RM) costs. RM expenses as a percentage of total income rose to 69% in FY25, up from 54% in FY24, leading to a moderation in the operating margin. Despite the decline, margins continue to remain at a healthy level. Similarly, the profit after tax (PAT) margin also moderated to 9.25% in FY25 from 11.21% in FY24.

### **Comfortable capital structure and debt coverage indicators**

The company's capital structure consists of term debt and working capital borrowings. The company's overall gearing ratio improved to 0.25x as on March 31, 2025, compared to 0.32x as on March 31, 2024, considering decrease in term loan and increase in net worth. The outstanding term loan as on March 31, 2025, remained at ₹2.98 crore and the company's net worth remained at ₹218.52 crore as on March 31, 2025. The company's interest coverage ratio further improved significantly to 8.60x in FY25 considering decrease in total finance cost to ₹5.25 crore in FY25 compared to ₹9.03 crore in FY24. The company's debt equity ratio remains low at 0.01x as on March 31, 2025. Other debt coverage indicator such as term debt to gross cash accrual (GCA) remains low at 0.10x as on March 31, 2025.

### **Geographical diversification**

The company has a well-established presence across 18 states in India, with Telangana being the major market contributing ~55% of consolidated sales in FY25, followed by Andhra Pradesh (23%) and Karnataka (6%). Other states such as Tamil Nadu, Maharashtra, Chhattisgarh, Gujarat, and Madhya Pradesh also contribute meaningfully to the revenue base. This diversified geographical footprint highlights the company's growing penetration beyond its key markets, reducing reliance on a single state and positioning it well for sustainable growth going forward.

### **Stable industry outlook**

India's agriculture sector in FY26 is expected to remain a key driver of rural livelihoods and food security, contributing ~18–20% to the country's GDP. With continued government focus on improving farm productivity, crop diversification, and adoption of digital and climate-smart farming practices, the sector is likely to witness steady growth. Investments in irrigation, agri-infrastructure, and rural supply chains are expected to improve efficiency, while policy support through MSPs, subsidies, and credit access will aid farmers' income stability. However, the sector's performance in FY26 will remain contingent on monsoon patterns, global commodity prices, and effective implementation of reforms aimed at boosting value-added activities such as food processing and agri-exports.

### **Key weaknesses**

#### **Elongated operating cycle**

The company's operating cycle remained elongated over the last five years. In FY25, operating cycle stood at 217 days against 203 days in FY24. The company offers a credit period of ~4-5 months to its customers (dealers) and hence the elongated collection period. The collection period remains high as the agriculture sector is highly seasonal. The cash flow peaks in the harvest period and is significantly lower in off season. Farmers typically make payments after the harvesting season. NAL also extend better credit terms to farmers due to the financial constraints faced by them. The collection period is also high because of the presence of multiple intermediaries as each intermediary delay payments further increasing the collection period. Average inventory days remained stable in FY25 at 81 days. NAL operates in a working capital intensive business as a result their average utilisation remains high at 93%. The operating cycle is generally elongated in this business.

#### **Profitability margins susceptible to raw material price volatility**

Crop nutrition and crop protection industries are highly vulnerable to fluctuations in commodity prices, posing a significant challenge for companies in these sectors. Such volatility affects their profitability and planning capabilities. Prices of raw materials used in fertilisers, such as potash, nitrogen, and phosphate, can fluctuate due to factors such as global supply and demand, geopolitical tensions, and energy costs. When prices of these raw materials rise, companies have to either absorb increased costs or pass cost on to farmers. Absorbing increased cost can stress the company's margins, which can result in lower sales, if farmers seek alternative solutions.

### Exposure to competition and susceptibility to changes in regulations

Domestic agrochemical industry has many unorganised players with regional presence. NAL faces intense competition from organised and unorganised players in the domestic market. Domestic agrochemicals sector depends on monsoon and the level of farm income. Therefore, the sector's fortunes are linked to quantum, timing, and distribution of rainfall in a year, exposing players' revenue to seasonal trends. Surplus, or inadequate rainfall could hit player profitability, and lead to build-up in working capital requirement. NAL's business performance, like that of other agrochemical manufacturers, may also be impacted by changes in regulatory requirements, such as export and import policies, registration policies, and product and environment safety requirements in India and abroad.

### Liquidity: Adequate

Adequate liquidity is marked by adequate GCA of ₹30.43 crore against repayment obligations of ₹5.51 crore and liquid investments to the tune of ₹29.36 crore as on March 31, 2025. The company's overall gearing improved to 0.25x as on March 31, 2025, against 0.32x as on March 31, 2024. Working capital utilisation of the company's fund-based limit remains high at ~96% for 12-months ended May 2025.

**Assumptions/Covenants:** Not Applicable

### Environment, social, and governance (ESG) risks

| Parameters    | Risk factors   |
|---------------|--|
| Environmental | The company has installed solar panels at manufacturing facility with a capacity of ~130 KW. These solar panels allow the company to generate electricity that is required for manufacturing process and minimising electricity costs and also contributes towards reducing carbon footprint. It has also built rainwater harvesting pits for conserving rainwater and most of their water needs for manufacturing is met from such rainwater harvesting mechanism. The company generates minimal amounts of effluents from their manufacturing process, which are segregated separately to keep water resources safe, clean and hygienic. |
| Social        | NAL ensures safe working condition in manufacturing facility and handling chemicals. It also offers training programs to improve employee skills. As part of the CSR initiative policy, in FY22, to support families affected by COVID19 pandemic, NAL distributed food grains in Prakasham and Krishna in Andhra Pradesh and Khammam in Telangana. In FY23, NAL organised free eye-camps in collaboration with Shankar Netralaya in Prakasham and Guntur, Andhra Pradesh. Beneficiaries of eye-camps were provided with a check-up and facilitated with surgeries, through Shankar Netralaya.   |
| Governance    | NAL is led by a management team with extensive experience in the agricultural sector. The management team consists of a mix of individuals with professional, technical, and commercial experience in the agricultural industry. The team is well-qualified and experienced in industry and has been responsible for growth of our operations. The team comprises personnel having technical, operational, and business development experience. NAL has also employed suitable technical and support staff to manage key areas of activities allied to operations.   |

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Pesticides & Agrochemicals](#)

## About the company and industry

### Industry classification

| Macro-economic Indicator | Sector    | Industry                      | Basic Industry             |
|--------------------------|-----------|-------------------------------|----------------------------|
| Commodities              | Chemicals | Fertilizers and Agrochemicals | Pesticides & Agrochemicals |

NAL was established as a private limited company on May 09, 2007, in Hyderabad, Telangana. NAL specialises in manufacturing agricultural inputs, offering a diverse range of products for soil health management, crop nutrition, and crop protection. Their product portfolio includes soil health management products, crop nutrition products, bio stimulants, bio pesticides, integrated pest management (IPM) products, and crop protection products. NAL operates through an extensive dealer network across Andhra Pradesh, Telangana, Maharashtra, Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh, Tamil Nadu, Uttar Pradesh, Odisha, West Bengal, Bihar, Gujarat, Jharkhand, Uttarakhand, and Jammu & Kashmir, and Nepal. The company has established marketing, distribution, and supply agreements with third parties in Bangladesh, Sri Lanka, and Vietnam, pending regulatory approvals to commence operations in these regions. Crop protection products are manufactured by their subsidiary, NASPL. The company's shares were listed on Bombay Stock Exchange (BSE), and National Stock Exchange (NSE) on January 31, 2024.

| Particular (Consolidated) (₹ crore) | March 31, 2024 (A) | March 31, 2024 (A) | Q1FY25 (A) |
|-------------------------------------|--------------------|--------------------|------------|
| Total operating income              | 252.50             | 296.60             | 46.75      |
| PBILDT                              | 44.34              | 45.15              | 5.45       |
| PAT                                 | 28.31              | 27.42              | 3.25       |
| Overall gearing (times)             | 0.32               | 0.25               | NA         |
| Interest coverage (times)           | 4.91               | 8.60               | 4.82       |

A: Audited UA: Unaudited; NA: Not Available Note: these are latest available financial results

### Nova Agritech Limited – Standalone

| Particular (₹ crore)      | March 31, 2024 (A) | March 31, 2025 (A) | Q1FY25 (A) |
|---------------------------|--------------------|--------------------|------------|
| Total operating income    | 179.84             | 165.86             | 11.65      |
| PBILDT                    | 27.65              | 22.05              | 1.38       |
| PAT                       | 18.60              | 16.52              | 0.47       |
| Overall gearing (times)   | 0.25               | 0.18               | NA         |
| Interest coverage (times) | 4.55               | 6.92               | 2.03       |

A: Audited UA: Unaudited; NA: Not Available 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 |      | -                             | -               | -                          | 30.00                       | CARE BBB; Stable                   |
| Fund-based - LT-Term Loan   |      | -                             | -               | November 2026              | 0.99                        | CARE BBB; Stable                   |

**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              | 30.00                        | CARE BBB; Stable | -   | 1)CARE BBB; Positive (08-Nov-24)            | -   | -   |
| 2       | Fund-based - LT-Term Loan              | LT              | 0.99                         | CARE BBB; Stable | -   | 1)CARE BBB; Positive (08-Nov-24)            | -   | -   |

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-Cash Credit | Simple           |
| 2       | Fund-based - LT-Term Loan   | Simple           |

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

| Sr No | Name of the entity                 | Extent of consolidation         | Rationale for consolidation  |
|-------|------------------------------------|---------------------------------|------------------------------|
| 1     | Nova Agri Sciences Private Limited | Full, proportionate or moderate | NAL owns 100% stake in NASPL |

**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](mailto:care@careedge.in) for clarifications.

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