

The Fertilisers And Chemicals Travancore Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE A-; Negative / CARE A2; Outlook revised from Stable and Withdrawn
Short-term bank facilities	-	-	Reaffirmed at CARE A2 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings while revising the outlook to negative and simultaneously withdrawn ratings of 'CARE A-; Negative/ CARE A2' assigned to bank facilities of The Fertilisers And Chemicals Travancore Limited (FACT) with immediate effect. Ratings have been withdrawn at the request of the company and on receipt of 'No Objection Certificates' from banks that have extended the facilities rated by CareEdge Ratings.

Revision in outlook factors in continued subdued profit before interest, lease rentals, depreciation and taxation (PBILDT) margin in 9MFY26, weaker-than-expected recovery in operating performance, expectations of continued subdued profitability margin amidst macroeconomic headwinds due to conflicts in West Asia, resulting in supply disruptions and increase in prices of key raw materials. In FY25, operating profit margin was impacted, following challenges in procurement of key raw materials, which impacted sales volumes and scale of operations. The company reported PBILDT margin of 2.34% in FY25 vis-à-vis PBILDT margin of 7.08% in FY24 and 12.18% in FY23. PBILDT margin continued to remain weak in 9MFY26 with the company reporting PBILDT margin of 0.48%. Operating performance in the current year has been impacted by operating loss in Q3FY26 due to increase in key raw material prices, while increase in subsidy rates were proportionately lower to compensate for such increase in raw material prices. PBILDT margin is expected to continue to remain weak with higher key raw material prices. While scale of operations is expected to remain healthy in FY26, PBILDT margin is expected to remain weak for FY26 and lower than CareEdge Ratings earlier expectations.

Ratings assigned to bank facilities of FACT continue to derive strength from continued financial support from Government of India (GoI; holding 90% stake in FACT), established market position in South India with strong brand value, diversified product profile with strong capacity utilisation, comfortable financial risk profile owing to absence external debt coupled with healthy liquidity. FACT has not relied on term loans or working capital bank borrowing; however, it continues to have outstanding debt that owed to GoI. The company has requested GoI to write off the loan interest, convert a portion of the loan into equity and change the balance loan amount to interest-free loan repayable in 5-8 annual instalments. This proposal remains pending with GoI for approval.

However, ratings continue to be constrained by susceptibility to raw material price volatility, impacting its operating performance and exposure to highly regulated industry.

Analytical approach: Consolidated

Ratings also factors in substantial ownership and support from GoI. Companies consolidated have been listed under Annexure 6.

Outlook: Negative

Negative outlook factors in continued subdued operating profit margin, weaker-than-expected recovery in operating performance coupled with expectations of continued weak profitability margin amidst macroeconomic headwinds due to conflicts in West Asia, resulting in supply disruptions and increase in prices of key raw materials.

Detailed description of key rating drivers:

Key strengths

Well-established and integrated operations; diversified product profile

FACT is one of the leading fertiliser suppliers in Kerala, with production units in Kochi. The company supplies fertilisers to South Indian states. The company's operations have high level of vertical integration across fertilisers divisions, as ammonia requirement for manufacturing fertilisers is met through its captive production. While the company's main business is manufacturing and marketing fertilisers, it also manufactures caprolactam, a petrochemical, and provides Engineering Project Management

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

Consultancy (EPMC), carried out by its arms, FACT Engineering and Design Organization (FEDO) and FACT Engineering Works (FEW) for fabrication of equipment. These two arms cater to petrochemical, oil and gas, industrial and Information Technology (IT), start-up incubation parks and centres, and allied infrastructure sectors. Fertilisers contributed ~98% of revenue in FY25 and 9MFY26, while the balance was derived from sale of other products and services. The company is currently not manufacturing caprolactam, in view of unfavourable product spreads.

Established market presence in South India with strong brand value

FACT started its operations in 1947 and has grown and diversified into a multi-division organisation with core activities in manufacturing and marketing of fertilisers and petrochemicals, design, engineering and consultancy, and fabrication and erection of industrial equipment and engineering works. Factamfos, a complex fertiliser, is one of the company's key products with a solid brand value in southern India.

Strong capacity utilisation

Factamfos and Ammonium Sulphate are key fertilisers manufactured by the company, contributing ~98% of total manufacturing revenue in FY25 and 9MFY26. Capacity utilisation continued to remain high for both products over the years. Capacity utilisation for Factamfos stood at 102% in FY25 (FY24: 131%), and at 111% for Ammonium Sulphate (FY24: 108%). Decline in capacity utilisation for Factamfos in FY25 was primarily due to challenges in procurement of phosphoric acid and rock phosphate in H1FY25. Overall volumes sales of Factamfos and Ammonium Sulphate stood at 9.85 lakh tonne in FY25 compared to 10.43 lakh tonne in FY24 (FY23: 9.63 lakh tonnes). In 9MFY26, combined volume sales of Factamfos and Ammonium Sulphate stood at 8.47 lakh tonne.

Comfortable financial risk profile

FACT's financial risk profile remains comfortable in the absence of external fund-based debt and the presence of lien-free cash and bank balances of ~₹206 crore as on December 31, 2025. Of the total debt of ~₹3,897 crore as on December 31, 2025, ~₹3,863 crore pertains to GoI loan, including principal of ~₹1,770 crore and accrued interest of ~₹2,093 crore, with the balance being lease liabilities. The company has submitted financial restructuring proposal to GoI for waiver of a portion of the principal amounting to ₹488 crore and accrued interest, conversion of ₹283 crore to equity and the balance ₹1,000 crore to be payable in 5-8 yearly instalments. This remains pending with GoI for approval.

Liquidity: Adequate

FACT had lien-free cash and bank balances of ~₹206 crore as on December 31, 2025. Including lien marked, the company had cash and bank balances of ~₹1,762 crore as on December 31, 2025. The company's liquidity remains adequate in meeting its capex requirements and incremental working capital requirements. The company has envisaged capex towards expansion of Factamfos capacity by ~5.4 lakh tonne, for which ~₹250 crore is expected to be spent by FY28.

Key weaknesses

Subdued operating performance

In FY25, FACT's operating performance stood subdued with total operating income (TOI) declining by ~20% year-on-year (yoy) to ~₹4,051 crore from ~₹5,058 crore in FY24, owing to challenges in procurement of phosphoric acid and rock phosphate from the company's major supplier impacting the sales volumes. Consequently, the company reported low PBILDT margin of 2.34% in FY25 (FY24: 7.08%). Decline in manufacturing sales volumes though was partially offset by increase in the trading volumes, which stood at 1.78 lakh tonne in FY25 vis-à-vis 1.32 lakh tonne in FY24 and 0.33 lakh tonne in FY23.

In 9MFY26, while revenue grew by ~41% yoy to ~₹4,240 crore (9MFY25: ~₹2,998 crore), given normalisation in operations, and continued increase in trading sales (1.68 lakh tonne in 9MFY26), PBILDT margin was impacted following increase in key raw material prices, including phosphoric acid, rock phosphate, sulphur and ammonia, while increase in subsidy rates were proportionately lower to compensate for such increase in the prices, resulting in the company reporting operating losses in Q3FY26. The company reported PBILDT margin of only 0.48% in 9MFY26 (Q1FY26: 2.30%, Q2FY26: 2.42%).

Susceptibility to volatile raw material prices

FACT's operating performance remains exposed to volatility in key raw material prices. Prices of essential key raw materials including phosphoric acid, rock phosphate, ammonia and sulphur, which had remained relatively stable since FY24, increased sharply in recent months, resulting in a significant decline in the company's operating profitability.

Regulatory and agro-climatic risks

Although the fertiliser industry is strategically important for the GoI, it remains highly regulated, and profit margins and liquidity largely hinge on government regulations and remain exposed to risk of timely receipt of subsidy from GoI. Subsidy contributed ~40% of FACT's TOI in FY25 and ~44% in 9MFY26. Absence of adequate and timely revision in subsidy rates can have an impact on revenue, profitability and cash flow as witnessed in 9MFY26.

Furthermore, sales of fertilisers are also influenced by sowing level of crops, and vagaries of rainfall, given that a large portion of farming land in India depends on monsoon in the absence of adequate irrigation facilities.

Environment, social, and governance (ESG) risks

Risk Factors	Compliance and action by the company
Environmental	The company has been implementing several sustainable development activities on priority. FACT Cochin Division has 10 KW Solar unit and is planning for 6 MW solar energy project to increase sustainable energy input. The company has effluent treatment plants, and emissions are within permissible limits stipulated by Central Pollution Control Board/ State Pollution Control Board. Effluent generated in the fertiliser production process is recycled to the maximum extent possible and this reduces effluent discharge and raw water consumption to minimum.
Social	FACT has a well-structured Corporate Social Responsibility policy. The CSR funds are mainly used in Health, Education and Rural Development. Some of its efforts include establishing medical oxygen plants in Kerala and Uttar Pradesh, and distributing tablet computers to students, among others.
Governance	Being a public sector company, promoted by GoI, its management operates under well-qualified officers and there are government nominee directors on board of directors and have track record of managing large public sector undertakings.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Fertilizer](#)

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[Withdrawal Policy](#)

About the company and industry

Industry classification

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

Incorporated in 1943, FACT is a government-owned-fertiliser and chemical manufacturer under the ownership of the Ministry of Chemicals and Fertilizers, GoI. The company manufactures and markets fertilisers and petrochemicals with basic interest in engineering consultancy and fabrication and erection of industrial equipment. Major products include complex fertilisers, ammonium sulphate, and caprolactam. The company also produces intermediates, including ammonia, sulphuric acid and phosphoric acid. The company is based in Kochi, Kerala, and has two main production units – Udyogamandal Complex (UC) at Eloor, Udyogamandal, and Cochin Division (CD) at Ambalamedu.

Brief Financials (₹ crore) - Consolidated	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total operating income	5057.51	4050.91	4239.91
PBILDT	357.84	94.85	20.55
Profit after tax (PAT)	128.27	41.23	-42.76
Overall gearing (x)	2.57	2.71	NA
Interest coverage (x)	1.45	0.39	0.11

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

Financials are reclassified per CareEdge Ratings' standards.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based-Short Term		-	-	-	0.00	Withdrawn

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	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE A- ; Negative / CARE A2 (02-Apr-26)	1)CARE A- ; Stable / CARE A2 (22-Jan-25)	1)CARE A- ; Stable / CARE A2 (07-Dec-23)	1)CARE A- ; Stable / CARE A2 (31-Mar-23) 2)CARE A- ; Stable / CARE A2 (19-Jul-22)
2	Non-fund-based-Short Term	ST	-	-	1)CARE A2 (02-Apr-26)	1)CARE A2 (22-Jan-25)	-	-

LT/ST: Long term/Short 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	Non-fund-based - LT/ ST-BG/LC	Simple
2	Non-fund-based-Short Term	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	FACT – RCF Building Products Ltd.	Proportionate	Joint Venture

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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