



Press Release
KARNATAKA AGRO CHEMICALS
October 01, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	26.91	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	65.11	ACUITE BBB Stable Upgraded	-
Bank Loan Ratings	0.67	-	ACUITE A3+ Upgraded
Total Outstanding Quantum (Rs. Cr)	92.69	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to “**ACUITE BB**” (read as **ACUITE triple B**) from “**ACUITE C**” (read as **ACUITE C**) and short term rating to “**ACUITE A3+**” (read as **ACUITE A three plus**) from “**ACUITE A4**” (read as **ACUITE A four**) on the bank loan facilities of Rs.65.78 Cr. of Karnataka Agro Chemicals. The outlook is “**Stable**”.

Further, Acuite has assigned long term rating of “**ACUITE BB**” (read as **ACUITE triple B**) on the bank loan facilities of Rs.26.91 Cr. of Karnataka Agro Chemicals. The outlook is “**Stable**”.

Rationale for Rating

The rating upgrade and migration from "Issuer Non-Cooperating" is on account of curing period of earlier defaults being attained for Multiplex Biotech Private Limited. For Multiplex Agricare Private Limited, the account was reported delinquent in CIC report. The account was frozen by the lender as per RBI circular on “Opening current account by bank- Need for discipline” dated August 6, 2020 and could not be closed as a result. This was not an intentional default or default due to inability to pay debt, but mostly due to account falling under this circular, which was an operational issue.

The rating also factors the sound business risk profile of the group majorly driven by improvement in revenue and profitability. The consolidated revenue of the group increased to Rs.448.89 Cr. in FY2025 (Prov.) as against Rs.379.40 Cr. in FY2024. Furthermore, the operating margin of the group increased to 15.17% in FY2025 (Prov.) as against 14.32% in FY2024. Likewise, the profitability margin stood at 7.78% in FY2025 (Prov.) as against 6.04% in FY2024. The improvement in margins is backed by lower operating expenses in FY2025 (Prov.) as compared to the previous year. In addition, the financial risk profile of the group is moderate marked by gearing at 1.37 times as on 31st March, 2025 (Prov.) and comfortable coverage indicators reflected by interest coverage ratio and debt service coverage ratio at 6.15 times and 2.13 times respectively as on 31st March 2025 (Prov.) and liquidity profile is adequate supported by sufficient accruals to repayment and adequate cash and cash equivalents. The rating also draws comfort from the group’s long track record of operations, extensive experience of the promoters, wide product portfolio and distribution network. However, the rating is constrained by moderately intensive working capital operations, intense competition in the industry, exposure to risks related to the regulated nature of the fertilizer industry in India and to volatility in raw material prices and agro-climatic risks.

About Company

Karnataka Based, Karnataka Agro chemicals is established in 1974. The partnership firm is engaged in manufacturing of various fertilizer products. The partners of the company are Mr. Gopalakrishna Pommayya Shetty, Mr. Mahesh Gopalakrishna Shetty, Mrs. Nishchita Mahesh Shetty and Multiplex Biotech Private Limited.

Multiplex Agricare Private Limited

Karnataka based, Multiplex Agricare Private Limited is incorporated in 1994. The Company is engaged in the manufacturing and marketing fertilizers, pesticides, nutrients (both major and minor), organic manure, biofertilizers, bio-pesticides, and bio-stimulants. The Directors of the company are Mr. Gopalakrishna Pommayya Shetty, Mrs. Nishchita Mahesh Shetty and Mr. Mahesh Gopalakrishna Shetty.

Multiplex Biotech Private Limited

Karnataka Based, Multiplex Biotech Private Limited is incorporated in 2000. The Company is engaged in manufacturing and marketing of micronutrients fertilizers and various bio-Products. The Directors of the company are Mr. Gopalakrishna Pommayya Shetty, Mrs. Nishchita Mahesh Shetty and Mr. Mahesh Gopalakrishna Shetty.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Karnataka Agro Chemicals (KAC), Multiplex Agricare Private Limited (MAPL) and Multiplex Bio-Tech Private Limited (MBPL), together referred to as the 'Multiplex Group' (MG). The consolidation is in view of the common management, strong operational and financial linkages among the entities.

Key Rating Drivers

Strengths

Promoters' extensive experience and established track record in the fertilizer industry

Multiplex Group was set up in 1974 and currently Mr. Mahesh G Shetty manages the day-to-day operations of the group who has extensive experience of over five decades in the fertilizer industry which has led to understanding of the dynamics of the market and enabled to establish healthy relationships with its suppliers and customers to get repeated business. Acuite believes that the group will continue to benefit from its established track record and experience of promoters in this line of business.

Sound Business Risk Profile

The group has a wide distribution network across the country wherein it supplies its products through a network of 19 branches and 6000+ dealers with strong presence in Tamil Nadu, Telangana and Andhra Pradesh. The product portfolio of the group has more than 150 varieties thereby allowing high value addition and diversification. It manufactures a wide range of products~ from micronutrients to biofertilizers and water-soluble fertilizers. The group's ability to suitably modify its product mix in response to changes in market conditions partially mitigates the risks associated with cyclicity.

The revenue of the group improved to Rs.448.89 Cr in FY2025 (Prov.) as compared to Rs.379.40 Cr. in FY2024 and Rs.359.91 Cr in FY2023. The operating margin of the group increased to 15.17 percent in FY2025 (Prov.) as compared to 14.32 percent in FY2024 and 12.38 percent in FY2023. The improvement is driven by lower operating expenses in FY2025 (Prov.) as compared to the previous years. Likewise, the PAT margin stood at 7.78 percent in FY2025 (Prov.) as against 6.04 percent in FY2024 and 5.72 percent in FY2023. Moreover, the group has registered a revenue of Rs.175.98 Cr. till 30th June, 2025. Acuite expects the scale of operations of the group to remain healthy in near to medium term backed by its strong diversity in clientele and product profile.

Moderate Financial Risk Profile

The financial risk profile of the group is marked by moderate net worth, gearing and comfortable debt protection metrics. The net-worth of the group stood at Rs.102.85 Crore as on 31st March 2025 (Prov.) as against Rs.57.72 Crore as on 31st March 2024. The increase in the net-worth is on account of accretion of profits into reserves along with capital contribution by MBPL in KAC in FY2025 (Prov.). Further, the total debt of the group stood at Rs.141.30 Crore as on 31st March 2025 (Prov.) against Rs.133.38 Crore as on 31st March 2024. The capital structure of the group is moderate marked by gearing ratio which stood at 1.37 times as on 31st March 2025 (Prov.) against 2.31 times as on 31st March 2024. Further, the coverage indicators improved reflected by interest coverage ratio and debt service coverage ratio which stood at 6.15 times and 2.13 times respectively as on 31st

March 2025 (Prov.) against 4.53 times and 1.75 times respectively as on 31st March 2024. The TOL/TNW ratio of the group stood at 2.83 times as on 31st March 2025 (Prov.) against 5.03 times as on 31st March 2024 and DEBT-EBITDA stood at 2.00 times as on 31st March 2025 (Prov.) against 2.39 times as on 31st March 2024. Acuité expects that going forward the financial risk profile of the group will remain in similar range with no major debt-funded capex plans in near to medium term.

Weaknesses

Moderately intensive Working Capital operations

The working capital operations of the group are moderately intensive marked by Gross Current Assets (GCA) of 152 days as on 31st March, 2025 (Prov.) as against 146 days as on 31st March, 2024. The high GCA days are mainly on account of inventory days of the group which stood at 97 days as on 31st March, 2025 (Prov.) as against 107 days as on 31st March, 2024. Further, the debtor days of the group stood at 33 days as on 31st March, 2025 (Prov.) as against 26 days as on 31st March, 2024 and the creditors stood at 175 days as on March 31, 2025 (Prov.) as against 255 days as on 31st March, 2024. The group relies on its fund based bank lines to meet its working capital requirement which stood utilised at 82.58% in last six months ended June, 2025. Acuité expects that working capital operations of group will likely remain at the similar levels in near to medium term due to nature of operations.

Vulnerability of profitability to agro-climatic conditions, regulatory risks and seasonality of the fertilizer business

The group's sales and profitability remains susceptible to agro-climatic conditions, development of pest-resistant genetically modified seeds and regulatory risks inherent in the business. The agriculture sector in India remains vulnerable to the vagaries of monsoon as the area under irrigation remains low which exposes the fertilizer sector to volatility as well. The group faces intense competition from small, unorganised players, and has to compete with strong players in markets where it plans to expand its reach necessitates constant marketing and branding expenditure.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Substantial adverse impact of any regulatory/policy change.
- Working Capital Operations

Liquidity Position

Adequate

The liquidity profile of the group is adequate marked by net cash accruals of Rs.45.51 Crore as on 31 st March 2025 (Prov.) against the debt repayment obligation of Rs.15.32 Crore over the same period. Going forward, the group is expected to generate net cash accruals under the range of Rs.55.00 Crore to Rs.65.00 Crore against the debt repayment obligations up to Rs.17.72 Crore in the next two years. The current ratio of the group stood at 1.07 times as on 31st March 2025 (Prov.) against 0.78 times as on 31st March 2024. The cash and cash equivalents available with the group stood at Rs.31.62 Crore as on 31st March 2025 (Prov.). In addition, the fund based bank limit utilisation of the group stood at 82.58% in last six months ended June, 2025. Acuité expects liquidity profile of the group to remain adequate in near to medium term supported by sufficient accruals to repayment and adequate cash and cash equivalents.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	448.89	379.40
PAT	Rs. Cr.	34.92	22.91
PAT Margin	(%)	7.78	6.04
Total Debt/Tangible Net Worth	Times	1.37	2.31
PBDIT/Interest	Times	6.15	4.53

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Aug 2025	Letter of Credit	Short Term	5.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	25.00	ACUITE C (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	16.76	ACUITE C (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	19.02	ACUITE C (Reaffirmed & Issuer not co-operating*)
28 May 2024	Letter of Credit	Short Term	5.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A3)
	Secured Overdraft	Long Term	25.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Term Loan	Long Term	16.76	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	19.02	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
06 Mar 2023	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	16.76	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	19.02	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.87	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.09	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.67	Simple	ACUITE A3+ Upgraded (from ACUITE A4)
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Assigned
Deutsche Bank	Not avl. / Not appl.	Term Loan	06 Jul 2022	Not avl. / Not appl.	01 Jul 2032	1.95	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	06 Jul 2022	Not avl. / Not appl.	01 Jul 2032	3.23	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	06 Jul 2022	Not avl. / Not appl.	01 Jul 2032	3.52	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	06 Jul 2022	Not avl. / Not appl.	01 Jul 2032	1.66	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	30 Aug 2018	Not avl. / Not appl.	05 Oct 2028	3.44	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	07 Feb 2020	Not avl. / Not appl.	05 Mar 2030	1.14	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Deutsche Bank	Not avl. / Not appl.	Term Loan	18 Feb 2020	Not avl. / Not appl.	05 Mar 2030	4.13	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	31 Aug 2019	Not avl. / Not appl.	31 Aug 2029	5.28	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	30 Mar 2023	Not avl. / Not appl.	30 Mar 2033	3.85	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	30 Jun 2023	Not avl. / Not appl.	30 Jun 2030	2.39	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Axis Bank	Not avl. / Not appl.	Term Loan	31 Mar 2020	Not avl. / Not appl.	10 May 2026	0.07	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	04 Nov 2020	Not avl. / Not appl.	28 Jul 2028	0.35	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	04 Nov 2020	Not avl. / Not appl.	28 Jul 2028	12.79	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	15 Oct 2028	4.28	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	29 May 2027	1.96	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)

HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	29 May 2027	0.11	Simple	ACUITE BBB Stable Upgraded (from ACUITE C)
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	15 Mar 2025	Not avl. / Not appl.	12 May 2035	6.24	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	29 May 2027	0.67	Simple	ACUITE BBB Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

S No.	Company
1	Multiplex Agricare Private Limited
2	Multiplex Bio-Tech Private Limited
3	Karnataka Agro Chemicals

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About Acuité Ratings & Research

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