



Press Release
THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED
April 23, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	1050.00	-	ACUITE A1 Assigned
Total Outstanding Quantum (Rs. Cr)	1150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE A**' (**read as ACUITE A**) on the Rs.100 Cr. and short-term rating '**ACUITE A1**' (**read as ACUITE A one**) on the Rs. 1050.00 Cr. of bank loan facilities of The Fertilisers And Chemicals Travancore Limited (FACT). The Outlook is '**Stable**'.

Rationale for rating Assigned

The rating assigned reflects the established position of the company in South Indian market with diversified product portfolio, strong brand value and moral obligation for Government of India (GOI) as it is holding 90% stake in the company. The fertilizer industry in India is heavily subsidized by the government. The cost between the manufacturing price and retail price is borne by the government. The subsidy granted by the government has reduced in FY 24 against FY 23. FACT has shifted from using Naphtha as a feedstock for its fertilizer plants to using RLNG (Regasified Liquefied Natural Gas) which not only reduces the environmental impact but also enhances the efficiency and sustainability of the production process. The company has set up ties to procure RLNG from IOC (Indian Oil Corporation Limited). Further, healthy financial risk profile and strong liquidity position of the company gives additional comfort for the rating assigned.

The ratings, however, are constrained by the vulnerability of the fertiliser business to regulatory, agro-climatic risks and the high working capital intensity of the operations. Since, high dependence of subsidy exists, budgetary allocations & delays in timely payments can have an adverse impact on the company's financial profile. The profitability is vulnerable to volatility in the prices of raw material remains susceptible.

Acuite notes that FACT has proposed for financial restructuring of the loan by waive off the interest, covert some portion to equity share capital and balance to be repaid in interest free 5-8 annual instalments. However, this proposal is yet to be approved from GOI as on date.

About the Company

The Fertilisers and Chemicals Travancore Limited (FACT) was incorporated in the year 1943 as the first large-scale fertilizer plant in India in Kochi, Kerala. Initially it was a private sector firm promoted by M/s Seshasayee Brothers. Later on, it become a public sector company in 1962 as Government of India (GOI) become the major shareholder. Currently, GOI holds 90% stake in FACT and balance 10% is public shareholding. It is under the administrative control of the Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

About the Group

FACT-RCF BUILDING PRODUCTS LIMITED (FRBL), incorporated in 20is08a Joint Venture Undertaking of

The Fertilisers And Chemicals Travancore Limited, Udyogamandal Kerala and Rashtriya Chemicals and Fertilisers, Mumbai., established for manufacture of rapid building materials from Gypsum at Kochi. FRBL PREFAB GYPWALL (GFRG WALL PANEL) is a low cost, pre-fabricated, load bearing cellular walling product suitable for use in residential, commercial and industrial building construction.

Unsupported Rating

Not Applicable.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business & financial risk profile of The Fertilisers and Chemicals Travancore Limited along with its jointly controlled entity FACT - RCF Building Products Limited (FRBL).

Key Rating Drivers

Strengths

Established Market Position & brand value

Promoted by the Government of India (GOI), FACT has established strong position in Kerala and have presence in more than 10 states in India with having both units in Kochi. With diversified product portfolio, they are into complex, straight and organic fertilisers. They manufacture chemicals such as Caprolactum and other several by-products including soda ash, nitric acid, Co-2, gypsum, sulfuric acid, coloured ammonium sulphate, etc. FACT also offers few services to benefit towards farmers such as Agro Service Centre, Soil Testing & Soil Health card, Field Demonstration, where they analyze the soil samples and give reports on nutrient contents, soil reaction and micronutrient status.

Healthy Financial Risk Profile

The financial risk profile of the company is healthy as net worth of the company stood at Rs. 1,375.46 Cr. as on 31st March 2024 against Rs. 1,273.29 Cr. in FY 23. The gearing ratio improved and stood at 1.31 times in FY 24 against 1.42 times in FY 23. The TOL/TNW stood at 3.15 times in FY 24 against 3.27 times in FY 23. Debt protection metrices (i.e. ISCR & DSCR) stood comfortable at 1.28 & 1.67 times respectively for FY 24. ROCE of the company stood at 9.42 times for FY 24.

The company has an outstanding loan of Rs. 1,770.49 Cr. with accrued interest on loan is Rs. 1,673.11 Cr. as on 31st March 2024. FACT proposed to restructure the loan by waiving off the interest, convert some portion to equity share capital and balance to be repaid in interest free 5-8 annual instalments. Acuite believes any adverse outcome of the restructuring proposal may impact the financial risk profile of the company in near to medium term and will remain key monitorable.

Strong Capacity Utilization and Increasing Installed capacity

Factamfos and Ammonium Sulphate are two important fertilisers manufactured by the company having utilization of 131% & 108% respectively for FY 24. Strong capacity utilization leads to high growth in volumes. The company is currently under of setting up a new 1650 TPD (Tonnes per day) plant which will enhance the present fertilizer production capacity by 50% per annum. The company will source own funds to implement this project and expected to commence in next 1 year.

Weaknesses

Intensive Working Capital Operations

The working capital operations of the company is intensive mainly due to high gross current asset days which stood at 324 for FY 24. The debtor days stood at 11 and inventory days stood at 89 for FY 24. The intensiveness is mainly due to high inventory holding and dues receivable from statutory authorities. The creditor days stood at 53 for FY 24. Acuite believes that the working capital operations of the company will remain almost at the same levels as evident from efficient collection albeit moderate inventory holding mechanism and nature of business for maintaining high deposits with government over the medium term.

Volatility in raw material prices, agro Climatic & regulatory risks

Fluctuation in the prices of raw material plays a significant role in the fertilizer industry. Fertilizer production relies heavily on raw materials such as natural gas, phosphate rock, potash, nitrogen, etc. Volatility in the prices of raw materials leads to vulnerability of profit margins of the manufactures. The prices of key inputs have decline in FY 24 against FY 23. However, there has been a slight improvement in the price of raw materials in 9M FY 24-25. Sales of fertiliser are also influenced by sowing level of crops, vagaries of rainfall, given that a large portion of the farming land in India is dependent on the monsoon in the absence of adequate irrigation facilities. The fertilizer industry is strategic, but highly controlled, with fertilizer subsidy being an important component of profitability. The regulated nature of the industry and susceptibility of complex fertilizer players to raw material price volatility under the NBS (Nutrition Based Scheme) regime continues to be key rating sensitivity factors. Any change in the regulatory scenario in the fertilizer industry remain key monitorable.

ESG Factors Relevant for Rating

FACT is committed to integrating Environmental, Social and Governance ('ESG') principles into its businesses. The company is committed into managing and mitigating risks through the entire product lifecycle and improving its value offerings to meet the needs and aspirations of all its stakeholders. FACT has a policy on Product Responsibility and Sustainability which endeavours to ensure responsible and sustainable business operations

across the entire supply chain-sourcing, procurement, manufacturing, packaging, transportation, marketing, and end-product use.

FACT has a Business Responsibility and Sustainable Development Policy which includes all essential policies that fall under BRSR (The Business Responsibility and Sustainability Reporting) principles. They are taking steps to reduce carbon emissions and utilise renewable energy for its operations. The feedstock and fuel have been changed to RLNG, the green fuel.

Rating Sensitivities

- Timely completion of capex without cost overrun
- Movement in Revenue And Profitability Margins
- Any adverse decision in the restructuring proposal.

Liquidity Position

Strong

The liquidity position of the company is strong marked net cash accrual of Rs. 172.74 Cr. against debt obligation of Rs. 5.10 Cr. for the same year. The company have a lien free fixed deposit of Rs. 2,004.75 Cr. as on 31st March 2024. Acuite believes that liquidity profile of the company will remain comfortable as no scheduled debt obligations is due in near term.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	5054.93	6198.15
PAT	Rs. Cr.	146.17	612.83
PAT Margin	(%)	2.89	9.89
Total Debt/Tangible Net Worth	Times	1.31	1.42
PBDIT/Interest	Times	1.28	3.60

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

None.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.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. Acuite'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 :

Not Applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A Stable Assigned
Federal Bank	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A1 Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE A1 Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	400.00	Simple	ACUITE A1 Assigned
Federal Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A1 Assigned
Federal Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	230.00	Simple	ACUITE A1 Assigned

Letter of Credit (LC) facility from State Bank of India (SBI) includes sub limit of Cash Credit for Rs. 100 Cr. and Standby Letter of Credit (SBLC) of Rs. 400 Cr.

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

Sr. No.	Company name
1	The Fertilisers And Chemicals Travancore Limited
2	FACT - RCF Building Products Limited

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.