

January 11, 2024

## KRIBHCO Fertilizers Limited: Ratings withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	100.00	100.00	[ICRA]A1+; withdrawn
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of **KRIBHCO Fertilizers Limited** at the request of the company and based on no amount outstanding against the rated commercial papers, and in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position, and Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on Withdrawal of Credit Ratings</a> <a href="#">Entities in the fertilizer sector</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of the KRIBHCO Group (as mentioned in Annexure-2), given the close business, financial and managerial linkages among the entities

### About the company

#### KRIBHCO Fertilizers Limited (KFL)

KRIBHCO Fertilizers Limited (KFL) was incorporated on December 8, 2005, pursuant to a joint venture agreement between KRIBHCO and the Shyam Group to acquire the urea manufacturing facilities of Oswal Chemicals & Fertilizers Limited at Shahjahanpur (Uttar Pradesh) in a shareholding ratio of 60:40. The control of the plant was taken over with effect from January 18, 2006. The cost of acquisition, on a slump sale basis, was Rs. 1,908 crore, which was funded by a debt of Rs. 1,208 crore and an equity of Rs. 700 crore. KRIBHCO has guaranteed the total debt availed by the JV for the acquisition. Initially, KRIBHCO invested Rs. 420 crore to acquire a 60% stake in the JV, while the balance 40% was held by STL Fertilizers Private Limited (STLFL), an SPV of the Shyam Group. STLFL had an irrevocable 'put option' on KRIBHCO to exit KSFL any time up to March 31, 2009; it exercised the option for the sale of a 25% stake to KRIBHCO, which was accepted by the latter as per the terms and conditions of the JV agreement. KRIBHCO paid Rs. 215 crore for the 25% stake. Later, during FY2016 and FY2017, KRIBHCO further paid Rs. 194 crore to STLFL to acquire the balance 15% stake and consequently, KRIBHCO now holds a 100% stake in KSFL with an investment of Rs. 914 crore. The facility at Shahjahanpur is an integrated facility with a manufacturing capacity of 864,600 metric tonnes per annum (MTPA) of urea and 501,600 MTPA of ammonia.

#### Krishak Bharati Cooperative Limited (KRIBHCO)

Krishak Bharati Cooperative Limited (KRIBHCO) is a cooperative incorporated under the Multi State Cooperative Societies Act. It was set up in 1980 by the Government of India. It is owned by various co-operative societies across India. The Society manufactures urea, bio-fertilisers and seeds. KRIBHCO has a urea manufacturing plant at Hazira with a capacity of 1.73 MMTPA and a capacity of 2.12 MMTPA, post revamp. Besides urea, the cooperative also manufactures and trades in fertilisers, seeds and other agri-inputs (such as bio-fertilisers) and chemicals (such as surplus ammonia). KRIBHCO has ownership interests in various ventures - KFL (100% ownership) involved in urea production, KRIL (24% ownership) involved in multi-modal logistic business, OMIFCO (25% ownership in a JV involving IFFCO and OQ Ltd.) manufacturing urea, and GSEG (19.16% ownership) operating a 156-MW gas-based power plant in Surat, Gujarat.

### Key financial indicators (audited):

KFL Standalone	FY2022	FY2023
Operating Income (Rs. crore)	3198.7	5191.7
PAT (Rs. crore)	80.2	221.9
OPBDIT/OI (%)	6.8%	7.0%
PAT/OI (%)	2.5%	4.3%
Total Outside Liabilities/Tangible Net Worth (times)	3.7	1.8
Total Debt/OPBDITA (times)	6.2	1.8
Interest Coverage (times)	3.7	5.4

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

KRIBHCO Consolidated	FY2022	FY2023
Operating income	15180.1	29095.9
PAT	1254.6	790.7
OPBDIT/OI	4.7%	-0.8%
PAT/OI	8.3%	2.7%
Total outside liabilities/Tangible net worth (times)	1.7	1.6
Total debt/OPBDIT (times)	5.8	-25.5
Interest coverage (times)	5.1	-0.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

### Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

### Rating history for past three years

SN	Instrument	Type	Current Rating (FY2024)				Chronology of Rating History for the past 3 years			
			Amount Rated (Rs. crore)	Amount Outstanding March 31, 2023 (Rs. crore)	Date & Rating in		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
					Jan 11, 2024	Aug 31, 2023	Aug 30, 2022	Aug 24, 2021	Sep 14, 2020	
1	Commercial paper	Short Term	100.00	-	[ICRA]A1+; Withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
2	Non-convertible debenture	Long term	-	-	-	-	-	-	[ICRA]AA (CE) (Stable); reaffirmed and withdrawn	

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
<b>Unplaced</b>	<b>Commercial Paper</b>	NA	NA	NA	100.00	[ICRA]A1+; Withdrawn

Source: Company

**Annexure II: List of entities considered for consolidated analysis:**

Company Name	Kribhco Ownership	Consolidation Approach
<b>Krishak Bharati Cooperative Limited</b>	100.00% (rated entity)	Full Consolidation
<b>KRIBHCO Fertilizers Limited</b>	100.00%	Full Consolidation

Source: Company

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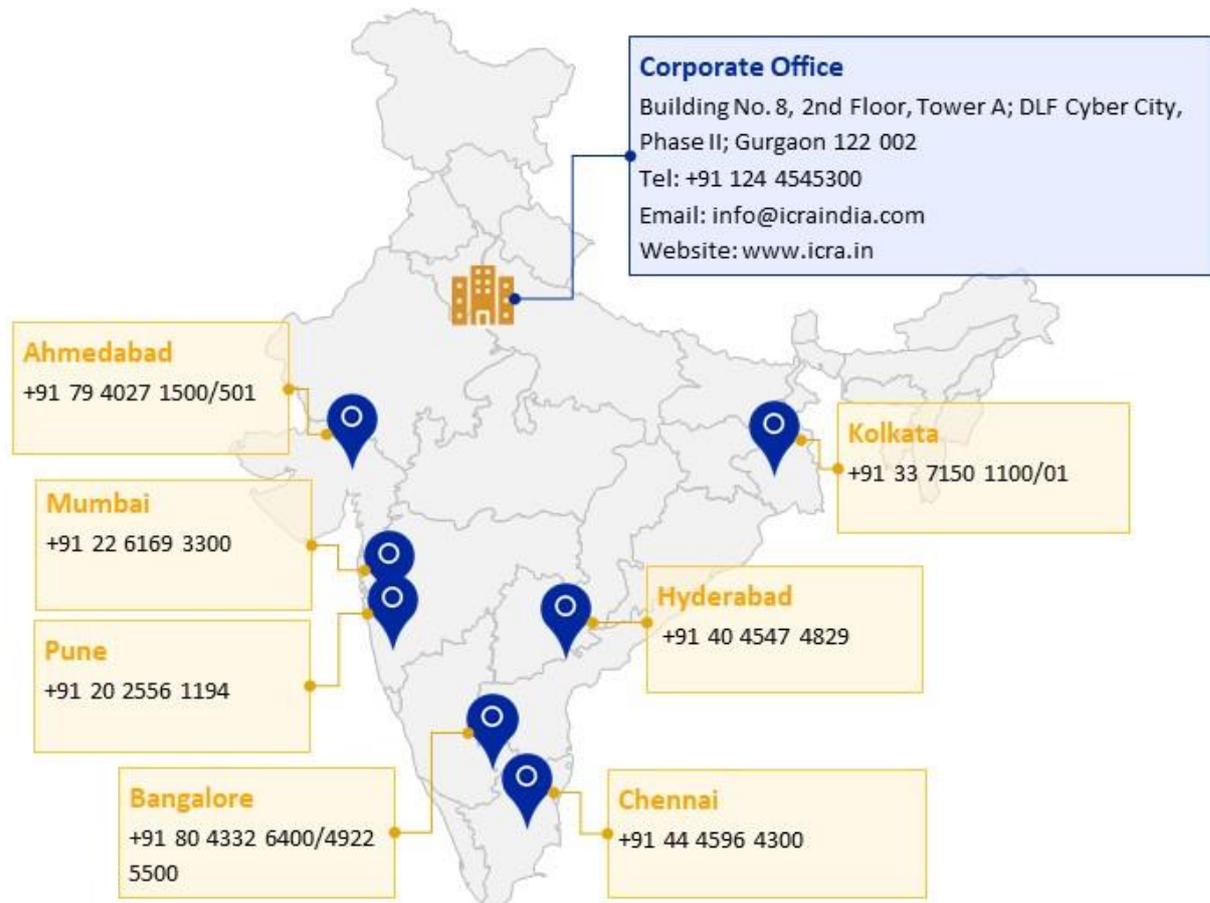
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