

August 29, 2022

Zuari Agro Chemicals Limited: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. Crore)	Rating Action
Long Term – Fund Based – Term Loan	465.00	465.00	[ICRA]B &; Withdrawn
Long Term – Fund Based – Cash Credit	851.00	851.00	[ICRA]B &; Withdrawn
Short Term – Non-Fund Based	748.00	748.00	[ICRA]A4 &; Withdrawn
Short Term – Unallocated	1,462.00	1,462.00	[ICRA]A4 &; Withdrawn
Total	3526.00	3526.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating assigned to the bank facilities of **Zuari Agro Chemicals Limited** at the request of the company and based on the No Due Certificate received from the banker, and in accordance with ICRA's policy on withdrawal and suspension. However, 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Position, Rating Sensitivities and Key Financial Indicator have not been captured as the rated instruments are being withdrawn.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	Corporate Credit Rating Methodology Rating Approach for Fertilisers Sector Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone profile of the rated entity

About the company

Zuari Agro Chemicals Limited (erstwhile Zuari Holdings Limited) constitutes the fertiliser operations of the Adventz Group following the demerger of Zuari Industries Limited (ZIL). It is also the holding company for the other agri-business operations of the Adventz Group. The group has interests in agri-inputs, engineering, infrastructure, real estate, consumer durables and services sectors. It was a part of the erstwhile K.K. Birla Group. In April 2011, the Bombay High Court (Goa bench) approved the demerger of ZIL's fertiliser business into Zuari Holdings Limited (later renamed as ZACL), while the residual entity ZIL (later renamed as Zuari Global Limited) retained the non-fertiliser business operations and investments. The demerger scheme was applicable w.e.f July 1, 2012.

The erstwhile ZIL was promoted in 1967 in financial and technical collaboration between the K.K. Birla Group and the U.S. Steel Corporation to manufacture urea, compound nitrogenous fertilisers and phosphates in Goa. In 1985, ZIL promoted Chambal Fertilisers & Chemicals Limited (CFCL, rated [ICRA]A1+) to produce urea using natural gas at Gadepan, Rajasthan. In 2002, ZIL acquired Paradeep Phosphates Ltd (PPL - rated [ICRA]A @; @ rating on watch with Negative implications/[ICRA]A1; @; @ rating on watch with Negative implications) through a JV company, as part of the disinvestment process of GoI. PPL manufactures DAP and NPK fertilisers, with its plant located at Paradeep, Orissa. While the equity shareholding of ZIL in PPL is now held by ZACL (40.225% of entire shareholding of PPL through the JV company), the 13.3% shareholding of ZIL in CFCL continues to be held by ZGL.

ZACL is in the midst of the sale of its fertiliser manufacturing and trading assets to PPL and has hived off its specialty fertiliser business in a subsidiary Zuari Fam Hub Limited (ZFHL). Thus post the sale of the fertiliser assets to PPL, ZACL will become a holding company with equity stakes in Mangalore Chemicals & Fertilizers Limited, Paradeep Phosphate Limited and ZFHL as its major investments.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years						
		Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021		Date & rating in FY2020		
				Aug 29, 2022	Jul 16, 2021	Jul 20, 2020	Apr 15, 2020	July 15, 2019	May 23, 2019	May 13, 2019
1 Term Loan	Long Term	465.0	-	[ICRA]B & Withdrawn	[ICRA]B & rating on watch with developing implications	[ICRA]B & rating on watch with developing implications	[ICRA]B (Stable)	[ICRA]D	[ICRA]D	[ICRA] BB (Negative)
2 Fund Based	Long Term	851.0	-	[ICRA]B & Withdrawn	[ICRA]B & rating on watch with developing implications	[ICRA]B & rating on watch with developing implications	[ICRA]B (Stable)	[ICRA]D	[ICRA]D	[ICRA] BB (Negative)
3 Unallocated	Long Term	0.0	-	-	-	[ICRA]B & rating on watch with developing implications	[ICRA]B (Stable)	[ICRA]D	[ICRA]D	[ICRA] BB (Negative)
4 Non-Fund Based	Short Term	748.0	-	[ICRA]A4 & withdrawn	[ICRA]A4; &	[ICRA]A4; &	[ICRA]A4	[ICRA]D	[ICRA]D	[ICRA] A4
5 Unallocated	Short Term	1,462.0	-	[ICRA]A4 & withdrawn	[ICRA]A4; &	[ICRA]A4; &	[ICRA]A4	[ICRA]D	[ICRA]D	[ICRA] A4
6 Compulsory Convertible Debt	Long Term	0.0	-	-	[ICRA]B & rating on watch with developing implications and withdrawn	[ICRA]B & rating on watch with developing implications	[ICRA]B (Stable)	[ICRA]D	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loan	Simple
Fund Based	Simple
Unallocated	Simple
Non-Fund Based	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: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Term Loan	Sep 05, 2018	-	Sep 30, 2023	150.0	[ICRA]B &; Withdrawn
NA	Term Loan-II	12 Jan 2018	-	31 May 2023	185.0	[ICRA]B &; Withdrawn
NA	Term Loan-III	17 May 2018	-	30 June2023	130.0	[ICRA]B &; Withdrawn
NA	Fund based	-	-	-	851.0	[ICRA]B &; Withdrawn
NA	Non-fund based	-	-	-	748.0	[ICRA]A4 &; withdrawn
NA	Short Term-Unallocated	-	-	-	1462.0	[ICRA]A4 &; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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