

Gujarat Narmada Valley Fertilizers and Chemicals Limited

ICRA has ratings outstanding of [ICRA]AA- (pronounced ICRA double A minus) and [ICRA]A1+ (pronounced ICRA A one plus) on Rs. 3663 crore bank facilities and Rs. 1000 crore commercial paper programme of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC). Outlook on the long term rating is stable.

ICRA notes that GNFC has temporarily shut down its Toluene Di-Isocyanate (TDI)-Dahej plant following a hazardous gas leakage in the plant on November 2, 2016 which has resulted in the death of six laborers and hospitalization of few other laborers. The leakage occurred due to a mechanical failure in a heat exchanger at the plant. The company has constituted an internal committee of senior officers, including a representative of Directorate of Safety and Health (DISH) to examine the reasons for the accident and to suggest corrective actions. Further, a third party safety audit has also been initiated by the company which will suggest further actions required prior to re-start of the plant.

In ICRA's view, while the shutdown will result in loss of profit from the Dahej unit, its Bharuch complex continues to generate adequate cash flows and its overall liquidity position continues to be comfortable, which offers comfort from the credit perspective for the immediate term. ICRA will closely monitor the developments and any significant delay in re-starting the TDI plant would be a key rating sensitivity.

Company Profile

Promoted jointly by the Government of Gujarat (GoG) and Gujarat State Fertilizers and Chemicals Limited (GSFC), GNFC was incorporated as a public limited company in 1976, with the two promoters cumulatively holding a 41.18% equity stake in it. Subsequently however, the entire shareholding of the GoG was transferred to Gujarat State Investments Limited (GSIL), a GoG undertaking. Based in Bharuch (Gujarat), GNFC is engaged mainly in the manufacture of fertilizers such as urea, Ammonium Nitro Phosphate (ANP) and Calcium Ammonium Nitrate (CAN), and industrial chemicals such as methanol, acetic acid, aniline, Toluene Di Isocyanate (TDI), formic acid, and nitric acid. The company also trades in a few fertilizers and chemicals. The Company also provides IT services and solutions covering Digital Signatures Certificate (DSC), E-procurement, E-Governance projects, Data centres and CCTV surveillance systems etc. under Brand name of (n)code solutions and is the market leader in Digital Certificate business.

During Q1 FY 2016-17, GNFC reported a net profit (PAT) of Rs 50.6 crore on an operating income of Rs 963 crore. During FY 2015-16, GNFC reported a net profit of Rs 226 crore on an operating income of Rs 4583 crore. For previous year, FY 2014-15, GNFC had reported a net loss of Rs 452 crore on an operating income of 4675 crore.

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