

June 12, 2020

Madras Fertilizers Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based facilities	191.40	191.40	[ICRA]C; Rating Withdrawn
Long-term Proposed facilities	2.84	2.84	[ICRA]C; Rating Withdrawn
Short-term Non-fund Based facilities	330.00	330.00	[ICRA]A4; Rating Withdrawn
Total	524.24	524.24	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the long-term rating of [ICRA]C and short-term rating of [ICRA]A4 assigned to the bank facilities of Madras Fertilizers Limited (MFL). The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company and based on the no objection certificate provided by its banker. ICRA does not have adequate information to suggest that the credit risk has changed since the time the rating was last reviewed.

Key rating drivers and their description

Key rating drivers have not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed

Liquidity position

Liquidity position has not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed

Rating sensitivities

Rating Sensitivities have not been captured for the rating withdrawal due to inadequacy of incremental information since the time the ratings were last reviewed.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Fertilizers ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	NA
Consolidation/Standalone	Based on standalone financial statements of the entity.

About the company

MFL was incorporated on December 8, 1966 as a joint venture between the Government of India (GoI) and AMOCO India, incorporated of U.S.A (AMOCO) in accordance with the Fertilizer Formation Agreement executed on May 14, 1966 with equity contributions of 51% and 49%, respectively. National Iranian Oil Company (NIOC), an undertaking of the Government of Iran, acquired a part of AMOCO's shareholding and with the company going public in 1997 the current shareholding pattern is as follows: GoI – 59.5%; NIOC – 25.8%; Public – 14.7%. MFL is involved in manufacturing ammonia, urea, complex fertilisers and bio-fertilisers. The company's plant facilities and headquarters are located on 329 acres of freehold land in Manali, about 20 km north of Chennai city.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	1,616.2	1,593.0
PAT (Rs. crore)	-44.8	-80.8
OPBDIT/OI (%)	1.5%	-0.1%
RoCE (%)	5.5%	4.1%
Total Outside Liabilities/Tangible Net Worth (times)	-4.2	-3.7
Total Debt/OPBDIT (times)	63.0	-821.7
Interest Coverage (times)	0.3	0.0
DSCR	0.1	0.0

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					12-Jun-2020	22-Mar-2019	25-Jan-2018	06-Dec-2016
1	Fund Based	Long Term	191.40	191.40	[ICRA]C; Withdrawn	[ICRA]C	[ICRA]C	[ICRA]C
2	Proposed fund Based	Long Term	2.84	2.84	[ICRA]C; Withdrawn	[ICRA]C	[ICRA]C	[ICRA]C
3	Non-fund Based	Short Term	330.00	330.00	[ICRA]A4; Withdrawn	[ICRA]A4	[ICRA]A4	[ICRA]A4

Amount in Rs. crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	191.40	[ICRA]C
NA	Proposed Cash Credit	NA	NA	NA	2.84	[ICRA]C
NA	Bank Guarantee/ Letter of Credit	NA	NA	NA	330.00	[ICRA]A4

Source: MFL

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