



Press Release
GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED
May 16, 2025
Rating Reaffirmed and Partly Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.00	ACUITE AA+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	1188.00	ACUITE AA+ Stable Reaffirmed	-
Bank Loan Ratings	807.00	Not Applicable Withdrawn	-
Bank Loan Ratings	700.00	-	ACUITE A1+ Reaffirmed
Bank Loan Ratings	27.00	-	ACUITE A1+ Reaffirmed & Withdrawn
Bank Loan Ratings	1175.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	1888.00	-	-
Total Withdrawn Quantum (Rs. Cr)	2012.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE AA+ (read as ACUITE double A plus)**' and the short-term rating of '**ACUITE A1+ (read as ACUITE A one plus)**' on the Rs 1,888 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC). The outlook is '**Stable**'.

Additionally, Acuite has withdrawn its long-term and short-term rating on the Rs. 60.00 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC) without assigning any rating as the instrument is fully repaid. The rating is being withdrawn on account of request received from the company and NDC (No Dues Certificate) received from the banker.

Additionally, Acuite has withdrawn its short-term rating on the Rs. 125.00 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC) without assigning any rating as the facility stands closed as per the sanction letter. The rating is being withdrawn on account of request received from the company.

Acuite has reaffirmed and withdrawn its long-term rating of '**ACUITE AA+**' (**read as ACUITE double A plus**) on the Rs.3.00 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC). The rating has been withdrawn on account of the request received from the company and reduction of limits as per the sanction letter.

Acuite has reaffirmed and withdrawn its short-term rating of '**ACUITE A1+**' (**read as ACUITE A one plus**) on the Rs. 27.00 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC). The rating has been withdrawn on account of the request received from the company reduction of sanctioned limits as per the sanction letter.

Further, Acuite has also withdrawn its long-term rating and short-term rating on the Rs. 1,797 Cr. bank facilities of Gujarat Narmada Valley Fertilizers and Chemicals Limited (GNFC) without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of request received from the company.

The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

The rating reaffirmation considers the established position of GNFC as one of the largest ammonia and single stream urea manufacturers and largest manufacturer of key chemicals such as Toluene Di-Isocyanate (TDI) in India with vertically integrated operations in fertilisers and chemicals. The ratings also factor in the superior financial flexibility of the company by virtue of its conservative capital structure, robust credit metrics which further support its superior liquidity profile. Furthermore, the rating factors in the subdued operating performance in FY2024 albeit marginal improvement recorded in 9MFY2025.

Additionally, the company is undertaking large capex in the medium term for the modernisation, backward integration as well as product diversification, which is being funded by internal accruals., exposing the company to project execution risks; however, Acuite does not foresee any material impact on the financial risk profile.

The ratings are constrained by the fertiliser segment's exposure to regulatory and agro-climatic risks, alongside the high working capital intensity of operations. While subsidy payments have been timely in recent years, any inadequacy or delays could affect the financial position. Furthermore, profitability in the chemical division remains susceptible to commodity price cycles, exchange rate fluctuations, and potential adjustments in import duties.

Going ahead, a sustained decline in the company's operating income and profitability will remain a key rating sensitivity.

About the Company

Incorporated in 1976, based in Bharuch (Gujarat), GNFC is engaged mainly in manufacturing 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 manufacturing facilities are situated in Bharuch and Dahej, Gujarat.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of GNFC to arrive at the rating.

Key Rating Drivers

Strengths

Established Market Position

Promoted jointly by the Government of Gujarat (GoG) and Gujarat State Fertilizers and Chemicals Limited (GSFC), Gujarat Narmada Valley Fertilizers and Chemicals Ltd. (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. As of 31st March 2024, the cumulative holdings of the promoters stood at 41.30%. Further, GNFC is one of the largest ammonia and single stream urea manufacturers along with sole/largest manufacturer of key chemicals such as Toluene Di-Isocyanate (TDI) in India with vertically integrated operations in fertilisers and chemicals. It has established position across the country on the back of its strong market presence. Further, trading of few fertilizers and chemicals helps to provide a wider basket of products to farmers. The current directors of the company are Ms. Gauri Kumar, Mr. Pankaj Harishchandra Joshi, Mr. Ranjan Kumar Ghosh, Mr. Bhadrash Vinaychandra Mehta Mr. Narasimhan Ravichandran, Mr. Ajai Bahadur Khare, Mr. Thiruvankadam Natarajan, Mr. Syed Jawaaid Haider and Mr. Kamal Dayani.

Moderation in operating performance during FY2024 with marginal improvement recorded in 9MFY2025

In FY2024, the Indian chemical industry faced headwinds due to inventory destocking, increased supply from China, and subdued export demand, leading to strain on profitability. The Indian fertilizer industry faced challenges due to lower subsidy allocations, and declining international fertilizer and feed stock prices.

The company's operating income declined by ~23.00%, to Rs. 7987.21 Cr. in FY2024, compared to Rs. 10289.31 Cr. in FY2023 and the operating profit margin declined to 7.11% in FY2024 from 18.88% in FY2023. The revenue from fertilizer segment declined due to a reduction in the claimable subsidy for Urea, which was impacted by lower variable costs, a decrease in the subsidy for complex fertilizers, and a lower volume of Neem Urea. This was partially offset by an increase in the volume of complex fertilizers and fertilizer-traded products. Further, the revenue from chemical segment declined mainly due to lower realizations across all products. However, this was partially counterbalanced by higher volumes, particularly in TDI, Aniline, CNA, Formic Acid, Methanol, and Ethyl Acetate.

However, the revenue marginally increased to Rs. 5837 Cr. in 9MFY25 as compared to Rs. 5820 Cr. in 9MFY2024. Further, the operating profit margin stood at 6.42 % in 9MFY25 as compared to 6.15% in 9MFY24. The improvement in revenue was driven by higher sales volumes, leading to better profitability, while product price realizations in the industrial chemical segment remained subdued. Additionally, timely subsidy payments supported the fertiliser segment, leading to lower inventory levels. Going ahead, the impact of any sustained moderation in operating performance on the overall financial risk profile and liquidity position in near term will remain a key monitorable.

Conservative capital structure

GNFC's capital structure continues to be conservative and the company demonstrated strong free cash flow generation, with a strong net worth position supporting the company's deleveraged capital structure. The tangible net worth of the company declined yet stood strong at Rs. 8,181.19 Cr. as of March 31, 2024, as against Rs. 8987.83 Cr. on March 31, 2023. This reduction is attributed to the buyback of shares amounting to ~Rs. 802 Cr. and the distribution of dividends amounting to ~Rs. 466 Cr. The Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 0.29 times as on 31st March 2024 as against 0.29 times as on 31st March 2023. The debt protection metrics of the company declined on account of lower absolute operating profits yet stood robust marked by Interest Coverage Ratio of 77.57 times for FY2024 as against 425.81 times for FY2023 and Debt Service coverage ratio at 60.83 times in FY2024 as against 296.06 times in FY2023. Net Cash Accruals to Total Debt (NCA/TD) declined yet stood high at 292.65 times for FY2024 as against 892.99 times for FY2023. The company is also undertaking capital expenditure with a total estimated cost of ~Rs. 2300 Cr, to be funded through internal accruals.

Acuité believes that the company's financial profile will continue to remain healthy, supported by strong internal accrual generation and no major increase in the company's debt levels despite ongoing capital expenditure.

Weaknesses

Working capital intensive nature of operation

The working capital management of the company is intensive in nature marked by increasing Gross Current Assets (GCA) of 153 days as on March 31, 2024 as compared to 147 days as on March 31, 2023. The high GCA days are primarily on account of high other current assets, mainly comprising of deposits with body corporates, accrued interest and goods and tax receivable. The inventory days increased to 55 days in FY2024 as compared to 49 days in FY2023. The debtor days increased to 29 days in FY2024 as against 13 days in FY2023. Further, the creditor days stood at 40 days in FY2024 as compared to 40 days in FY2023. The average utilisation for non-fund-based limits stood at ~77.46 percent for the last six months ended December 31, 2024.

Acuité believes that the working capital operations of the company will remain at similar levels given the nature of the industry over the medium term.

Volatility in raw material prices

Power and fuel are the key cost components for GNFC. Natural gas being an international commodity is subject to price fluctuation. The company is not affected by the price volatility of the natural gas to the extent consumed for Urea as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea. GNFC also deals in purchase of other feed stock materials (i.e. Rock phosphate, and Denatured Ethyl Alcohol) which are imported by the company and used in the manufacturing of Ammonium Nitro Phosphate and Ethyl Acetate which are subject to a price and material availability risk. Raw materials and fuel used for chemicals are subject to price volatility and forex fluctuations to the extent these are imported. However, GNFC has so far been able to pass over the increased cost to the consumers though with a lag.

Rating Sensitivities

- Timely completion of capex without cost overrun.
- Further elongation of working capital cycle.
- Any sustained decline in operating income and profit margins.

Liquidity Position Strong

GNFC's strong liquidity is supported by healthy free cash flow generation and cash & cash equivalents. The company's has nil repayment obligation against healthy net cash accruals which stood at Rs. 792.33 Cr. as on March 31, 2024. GNFC has unencumbered cash and cash equivalents of over Rs 1054.16 Cr. as on 31st March 2024. Current ratio stood strong at 3.43 times as on 31st March 2024 as against 3.80 times as on 31st March 2023. Furthermore, the liquid investments of the company stood at Rs. 2917.86 Cr. in FY2024 as compared to Rs. 3105.19 Cr. in FY2023. GNFC has sanctioned secured and unsecured fund-based working capital limits of Rs. 1,190 Cr, which largely remained unutilized. The average utilization of non-fund-based limits stood at ~77.46

percent over the last six months ended December 31, 2024.

Acuité believes the company has sufficient accruals and cash & cash equivalents to finance its capex requirements and incremental working capital needs over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	7987.21	10289.31
PAT	Rs. Cr.	484.79	1463.98
PAT Margin	(%)	6.07	14.23
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	77.57	425.81

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

Not Applicable

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

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Feb 2024	Letter of Credit	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	125.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	150.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	55.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	270.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	125.00	ACUITE A1+ (Reaffirmed)
	Letter of Credit	Short Term	25.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	1000.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	690.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	100.00	ACUITE AA+ Stable (Reaffirmed)
	PC/PCFC	Long Term	75.00	ACUITE AA+ Stable (Reaffirmed)
	Bills Discounting	Long Term	50.00	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	63.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	200.00	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE AA+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	230.00	ACUITE AA+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	567.00	ACUITE AA+ Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1+ (Assigned)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1+ (Assigned)
	Bank Guarantee (BLR)	Short Term	125.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	50.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	55.00	ACUITE A1+ (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	150.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	125.00	ACUITE A1+ (Assigned)

12 Sep 2023	Letter of Credit	Short Term	270.00	ACUITE A1+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	1000.00	ACUITE A1+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	567.00	ACUITE AA+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	230.00	ACUITE AA+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE AA+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	10.00	ACUITE AA+ Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE AA+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	200.00	ACUITE AA+ Stable (Assigned)
	Cash Credit	Long Term	63.00	ACUITE AA+ Stable (Assigned)
	Bills Discounting	Long Term	50.00	ACUITE AA+ Stable (Assigned)
	PC/PCFC	Long Term	75.00	ACUITE AA+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	100.00	ACUITE AA+ Stable (Assigned)
	Cash Credit	Long Term	690.00	ACUITE AA+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1+ Reaffirmed
Federal Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	Not Applicable Withdrawn
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	Not Applicable Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE A1+ Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE AA+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	63.00	Simple	ACUITE AA+ Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	690.00	Simple	ACUITE AA+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE AA+ Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.00	Simple	ACUITE A1+ Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	270.00	Simple	ACUITE A1+ Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE A1+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	ACUITE A1+ Reaffirmed
	Not							ACUITE A1+

State Bank of India	avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	27.00	Simple	Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE AA+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	230.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	567.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1000.00	Simple	Not Applicable Withdrawn
ICICI Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE AA+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE AA+ Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE AA+ Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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