नेशनल फर्टिलाइज़र्स लिमिटेड
(भारत सरकार का उपक्रम)
कॉरपोरेट कार्यालय : ए-11, सैक्टर-24, नोएडा - 201301
जिला गौतम बुद्ध नगर (उ.प्र.),
दूरभाष : 0120 2012294, 2412445, फैक्स : 0120-2412397

एन एफ एल
NFL

NATIONAL FERTILIZERS LIMITED
(A Govt. Of India Undertaking)
Corportate Office : A-11, Sector-24, Noida-201301,
Distt. Gautam Budh Nagar (U.P.)
Ph.: 0120-2412294, 2412445, Fax : 0120-2412397

Ref No. NFL/SEC/SE/938 **Dated: 11.04.2023**

National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai-400051	**BSE Limited Corporate Relationship Department, 1st Floor, New Trading Wing, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001**
NSE Symbol- NFL	**BSE Scrip Code -523630**

Sub: Intimation of Credit Rating.

Dear Sir,

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, we hereby inform that ICRA Limited has assigned the following ratings to the Company (copy attached):

Instrument Type	Rating Limit	Rating Outlook	Rating Action
	(Rs. crore)		
Long Term- Fund Based Limits	9000.00	[ICRA] AA (Stable)	Upgraded from [ICRA] AA-(Stable); assigned for enhance amounts
Term Loans	1044.00	[ICRA] AA (Stable)	Upgraded from [ICRA] AA- (Stable)
Short Term- Non-Fund Based Facilities	9600.00	[ICRA] A1+	Reaffirmed; assigned for enhance amounts
Commercial Paper*	4000.00	[ICRA] A1+	Reaffirmed

* The Commercial paper program is carved out of the fund based limits of the company.

This is for your information and record.

Thanking You,

Yours faithfully,
For National Fertilizers Limited

ASHOK JHA

Digitally signed by ASHOK JHA
DN: c=IN, st=Uttar Pradesh, 2.5.4.20=2538b10a752d2a598ee742f34f938161c3f2d22ad8f83c628c47d0bc3eb3ac36, postalCode=201306, street=FLAT NO C-1205,TOWER-C, FUSION HOMES,GH 05A, TECH ZONE IV, GREATER NOIDA WEST, BISHRAKH, GAUTAM BUDDHA NAGAR UTTAR PRADESH SURAJPUR, pseudonym=22d1aaac2065f9c33ccbed81b34f40d4, serialNumber=6a5684a3bd1fe754a498028a88bdbe1eaff0eaab50f18d54d5ca92fe9211ea70, o=Personal, cn=ASHOK JHA
Date: 2023.04.11 10:55:19 +05'30'

(Ashok Jha)
Company Secretary

Encl: As above

April 10, 2023

National Fertilizers Limited: Long-term rating upgraded to [ICRA]AA (Stable); Short-term rating reaffirmed; Rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based limits	4000.00	9000.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable); assigned for enhance amounts
Term loans	1044.00	1044.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Short term - Non-fund based facilities	3000.00	9600.00	[ICRA]A1+; reaffirmed; assigned for enhance amounts
Commercial paper^	4000.00	4000.00	[ICRA]A1+ reaffirmed
Total	**8044.0**	**19644.0**	

**Instrument details are provided in Annexure-1; the commercial paper program is carved out of the fund-based limits of the company*

Rationale

The rating upgrade for the credit lines of National Fertilizers Limited (NFL) factors in the expectation of a sustained improvement in profitability owing to completion of the energy savings schemes for all the units, thereby leading to lower energy consumption for the plants vis-à-vis the normative norms and an improvement in the cash flow generation. The rating action also factors in the increased diversification into the industrial chemicals segment, which provides some degree of insulation from the subsidised products, along with stabilisation of the fertiliser plant under NFL's joint venture Ramagundam Fertilisers and Chemicals Limited (RFCL) which was facing operational issues earlier. The company has also benefitted from the extension of energy norms by the Department of Fertilisers, for which it has booked additional subsidy recoverable in Q3 FY2023, which is likely to be realised shortly.

The ratings continue to factor in NFL's leadership position in the fertiliser industry, sustenance of the comfortable receivable cycle owing to the timely release of subsidy by the GoI and expectation of the same continuing in the future as well. The ratings also factor in the low demand risk for urea and NFL's exceptional financial flexibility arising out of its strategic importance to the Government of India (GoI) and the large sovereign ownership. The trading portfolio has also performed satisfactorily and the profitability of this segment in FY2024 hinges on the level of the subsidy rates to be announced under the nutrient-based subsidy (NBS) scheme for FY2024. The industrial products segment has also witnessed a significant uptick in profitability, driven by higher sales volume and increased profitability on ammonium nitrate and nitric acid. Going forward, expansion of the nitric acid capacity and setting up of agrochemical formulation plant should support NFL's profitability. NFL has a pan-India distribution and sales network with three plants located in the most intensive fertiliser consuming states i.e. Punjab and Haryana.

The ratings are constrained by the vulnerability of the sector's profitability to the regulatory policies formulated by the GoI. The downward revision in energy norms as well as removal of the floor price of Rs. 2,300/MT on the fixed costs has lowered the profitability of urea operations for the entire industry. The profitability of the phosphatic fertiliser sellers depends on the NBS rates announced by the GoI. The performance of the fertiliser sector also remains vulnerable to the vagaries of the monsoon as a sizeable portion of the arable land depends on the monsoons for irrigation. The performance of the fertiliser sector also remains vulnerable to the timeliness of the subsidy from the GoI as significant delays would increase the working capital borrowings and the associated interest costs.

NFL is a joint venture (JV) partner in RFCL, which has set up a 1.27-MMTPA urea plant at Ramagundam, Telengana. The plant had faced stabilisation issues post its commissioning in March 2021 but has stabilised towards the end of FY2023. The plant is expected to achieve healthy capacity utilisation and energy consumption in FY2024.

NFL has also been nominated as a JV partner for setting up a 1.27-MMTPA urea unit in Assam at the facility of Brahmaputra Valley Fertiliser Corporation Limited (BVFCL) with an equity contribution of 28%, which has not witnessed any major developments. ICRA will assess the impact of the investment in the JV on the credit profile of the company as and when the details are finalised.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its leadership position in the fertiliser sector and its strategic importance to the GoI and will generate healthy cash flows from operations, driven by improvement in energy consumption and a higher share of the industrial chemicals segment.

Key rating drivers and their description

Credit strengths

Expected improvement in urea operations post implementation of energy saving schemes to support cash generation - The completion of the Energy Savings Scheme (ESS) to meet the normative energy norms enabled NFL's urea units to consume lower energy vis-à-vis the normative norms in FY2023. As a result, the company started making profits on the production of urea, bentonite sulphur and bio segment and booked nearly Rs. 827 crore of PBIT in 9M FY2023. This included a subsidy receivable of around Rs. 711 crore on account of the extension of the energy savings scheme although the same has not yet been realised. The performance of NFL on the operating front is expected to improve in FY2024, driven primarily by the profits in urea operations on account of lower energy consumption vis-à-vis the normative norms, even as pooled gas prices decline.

Improving product mix with rising contribution from industrial and other products in profitability– NFL sells ammonium nitrate and nitric acid under its industrial products segment along with phosphatic fertilisers, compost, agrochemicals etc. under the trading segment. The company also sells seeds to farmers, thus providing a gamut of farm-related products. The contribution from the sale of industrial products has improved owing to higher realisations and volumes. NFL is expected to report a segmental profit of around Rs. 300 crore in FY2023 from industrial products segment. The company is also looking at capex towards micro-nutrients, water soluble fertilisers, agrochemicals, etc along with a nano urea facility with an aim to derisk the business from subsidised products and focus on the high-margin non-subsidised products.

Second-largest urea manufacturer with nearly 16% domestic capacity share; leading market position in northern and central India– With nearly 3.57 MMT of urea production capacity, NFL is second only to IFFCO in the country in terms of urea capacity. The company maintained healthy capacity utilisation levels for all its plants in 9M FY2023. NFL has a vast marketing network comprising dealers, cooperative societies and institutional agencies spread over 20 states in India. The company sells its urea through a network of 2,805 dealers, state marketing federations and cooperative societies.

Large sovereign ownership provides strong financial flexibility; proven ability to raise funds at competitive rates due to parentage– NFL benefits from the large GoI ownership of 74.71% as it is able to raise funds at very competitive rates, aiding its profitability as the interest charges remain low. The Government has remained supportive of the farm sector in the past and ICRA expects this to continue. ICRA also expects the GoI to support NFL going forward as well, as and when needed. The GoI is in the process of divesting a 20% stake in NFL through an offer for sale, although no timelines have been specified for the stake sale.

Favourable demand-supply scenario of urea in India - The import dependence for urea remains in the range of 25-30%, given the inadequate domestic capacity (this proportion is likely to decline with the commencement of operations of new urea units). With a significant price differential between urea and non-urea fertilisers, the demand for urea remains intact and is expected to grow at a stable rate of 1-3% in the near to medium term although the growth/degrowth may move out of this range in a few years.

Credit challenges

Vulnerability of fertiliser sector's profitability to regulatory policies and agro-climatic conditions – The agricultural sector in India remains vulnerable to the vagaries of the monsoon as the area under irrigation remains low, exposing the fertiliser sector's sales and profitability to volatility. The sector, being highly regulated, also remains vulnerable to changes in the regulations by the GoI.

Sensitivity of cash flows to the timeliness of subsidy release by GoI - In the past, fertiliser companies have witnessed significant cash-flow mismatches owing to the delay in the release of the subsidy by the GoI due to inadequate subsidy budgeting. The subsidy receipt from GoI remained timely in FY2022 and FY2023 post the clearance of the subsidy backlog in FY2021. Going forward, the timeliness of the subsidy receipt from the GoI will remain a key monitorable.

Environmental and Social Risks

Global efforts towards decarbonisation and focus on the impact of fertiliser use on soil health may lead to the development of new types of fertilisers and lower the demand for conventional fertilisers. However, in India, ICRA does not expect any material impact on conventional fertiliser offtake in the near to medium term, given the country's import dependence as well as the time taken by the end-consumers to accept new products. Fertiliser manufacturing, particularly urea, has a significant carbon footprint as natural gas is the key raw material for the synthesis of hydrogen which goes into the production of ammonia and thereafter urea. With the GoI exploring the passing of a mandate for the procurement of green hydrogen by refineries and fertiliser plants, it will lead to additional cost burden on urea manufacturers. ICRA expects the GoI to provide adequate policy support to the sector if it decides to mandate the sector to meet a part of its hydrogen requirement through the green route. Rising awareness about the use of chemical fertilisers in farming and the growing clamour for organic produce can impact fertiliser offtake. Though, the productivity in organic farming remains low at present and thus the near-term risk to fertiliser offtake is low. Going forward, in a scenario of technological breakthroughs resulting in organic alternatives with equal or better productivity can pose a significant threat to fertiliser offtake, although the threat remains long-term in nature.

Liquidity position: Adequate

The liquidity position of the company remains adequate, given the availability of large working capital borrowing limits and adequate drawing power coupled with the large sovereign ownership which yields significant financial flexibility. The timely inflow of subsidy to a large extent from the GoI over the last few quarters and expectations of the same continuing will support the liquidity position of the company.

Rating sensitivities

Positive factors – A sustained improvement in the profit margins amid a healthy working capital intensity and an adequate liquidity profile on a sustained basis could improve the ratings.

Negative factors – Deterioration in the working capital cycle, leading to receivable days of more than 150 days on a sustained basis may lead to a rating downgrade. Any deterioration in debt metrics owing to any large debt-funded capex/investments or weak profitability will also put pressure on the ratings. Additionally, a reduction in the GoI stake below 50%, or weakening of the linkages with the GoI, and/or change in the support philosophy of the GoI could lead to a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Fertiliser sector Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group support	Parent: Government of India; The ratings factor in the parentage of the GoI and the strategic importance of NFL for GoI as the company is a major fertiliser supplier in the country and ensures lower reliance on imported urea
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of NFL

About the company

National Fertilizers Limited (NFL) was incorporated in 1974. It is a public sector, Mini Ratna undertaking, primarily engaged in manufacturing urea. The company's operations are spread across five units, one each at Nangal and Bhatinda (Punjab), and Panipat (Haryana), and two units at Vijaipur (MP). NFL commenced operations by setting up two FO/LSHS based urea units at Bathinda (Punjab) and Panipat (Haryana) in 1979. Subsequently, as part of the reorganisation of public sector fertiliser companies, the Nangal (Punjab) unit of Fertilizer Corporation of India (FCI) came under the NFL fold. These three plants subsequently shifted to natural gas based ammonia production. The company set up another urea plant at Vijaipur (VijaipurI), Madhya Pradesh, in 1988 when the Hazira-Vijaipur-Jagdishpur (HVJ) gas transmission pipeline was set up. NFL undertook brownfield expansion of the Vijaipur plant (Vijaipur-II) in 1997. The Vijaipur units are gas-based, with the Vijaipur-II plant having dual feedstock ability (naphtha and gas). NFL has a combined urea production capacity of 3.57 MMTPA as on date, making it the second-largest producer of urea in the country. The GoI currently holds 74.71% stake in the company. The GoI is looking to divest 20% stake in NFL through an offer for sale. The Department of Investment and Public asset management (DIPAM) has invited proposals from legal advisers, merchant bankers and brokers.

Key financial indicators (audited)

NFL Standalone	FY2021	FY2022	9MFY2023*
Operating income	11,905.7	15,857.1	23,348.7
PAT	249.6	108.2	725.0
OPBDIT/OI	7.9%	3.7%	6.0%
PAT/OI	2.1%	0.7%	3.1%
Total outside liabilities/Tangible net worth (times)	2.9	3.7	
Total debt/OPBDIT (times)	2.0	5.4	
Interest coverage (times)**	3.2	4.6	6.7

*Source: company, ICRA Research; *Provisional*
*** without deducting deferred government grant from OPBDITA*

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

	Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years					
		Type	Amount rated (Rs. crore)	Amount outstanding as on Feb 28, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020		
					Apr 10, 2023	Apr 14, 2022	Apr 06 2021	-	Mar 27, 2020	Aug 14, 2019	Jun 26, 2019
1	**Long term fund-based limit**	Long term	9000.0		**[ICRA]AA (Stable)**	**[ICRA]AA- (Stable)**	**[ICRA]AA- (Stable)**	-	**[ICRA]AA- (Stable)**	**[ICRA]AA (Negative)**	**[ICRA]AA (Stable)**
2	**Term loans**	Long term	1044.0	665.89	**[ICRA]AA (Stable)**	**[ICRA]AA- (Stable)**	**[ICRA]AA- (Stable)**	-	**[ICRA]AA- (Stable)**	**[ICRA]AA (Negative)**	**[ICRA]AA (Stable)**
3	**Short term-Non fund based**	Short term	9600.0		**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	-	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**
4	**Commercial paper^**	Short term	4000.0		**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**	-	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**
5	**Short term unallocated**	Short term	0.0		-		-	-	**[ICRA]A1+**	**[ICRA]A1+**	**[ICRA]A1+**

^ The commercial paper program is carved out of the fund-based limits of the company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based	Simple
Term loans	Simple
Short term - Non-fund based	Simple
Commercial paper	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	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Fund-based	NA	NA		9000.0	[ICRA]AA (Stable)
NA	Term loans	Jul 18	NA	Mar- 30	1044.0	[ICRA]AA (Stable)
NA	Short term - Non-fund based	NA	NA		9600.0	[ICRA]A1+
Unplaced	Commercial paper^ -	NA	NA		4000.0	[ICRA]A1+

Source: Company; ^ The commercial paper program is carved out of the fund-based limits of the company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis- NA

ANALYST CONTACTS

Sabyasachi Majumdar
+91 124 4545 304
sabyasachi@icraindia.com

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Manish Dwivedi
+91 124 4545 814
manish.dwivedi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Ref: ICRA/National Fertilizers Limited/10042023/2

Date: April 10, 2023

Mr. Hira Nand
Executive Director (Finance)
National Fertilizers Limited
A-11, Sector-24
Noida- 201301, U.P.

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 8,044.0 crore Bank Facilities and Enhancement of Rs. 11,600 crore Bank Facilities (details as per Annexure) of National Fertilizers Limited

Please refer the Rating Agreement/Statement of Work dated July 21, 2015 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company, on an annual basis, or as and when the circumstances so warrant. Also, please refer to your Rating Agreement/Statement of Work dated March 24, 2023 for rating of enhanced captioned limits(s) of Bank Facilities from Rs 8,044 crore to Rs. 19,644 crore of your company.

Please note that the Rating Committee of ICRA, after due consideration, has upgraded the long-term rating to [ICRA]AA (pronounced ICRA double A) from [ICRA]AA- (pronounced ICRA double A minus) and reaffirmed the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) assigned earlier to the Rs 8,044 crore Bank facilities of your company. The rating committee also assigned a long-term rating of [ICRA]AA (pronounced ICRA double A) and a short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs. 11,600 crore enhanced bank lines. The outlook on the long-term rating is Stable. For Rating definition(s), please refer to ICRA website at www.icra.in.

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as [ICRA]AA (Stable)/[ICRA]A1+.

The aforesaid Rating(s) will be due for surveillance any time before March 30, 2024. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the bank lines as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any

change in the terms and conditions or the size of the rated bank lines, the same must be brought to our notice before the bank lines is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the bank lines from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated bank lines availed/issued by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Annexure

Details of the bank limits rated by ICRA (Rated on long term scale)

Bank	Amount (Rs. Crore)	Rating	Rating Assigned in
Long-term Fund-based Limits		[ICRA]AA (Stable)	31-Mar-23
State Bank of India	3000		
Bank of India	75		
HDFC Bank	125		
Punjab National Bank	2560		
ICICI Bank Limited	20		
IDBI Bank	25		
IndusInd Bank	425		
DBS	75		
CTBC Bank	75		
Union Bank of India	2000		
Unallocated	620		
Total (A)	**9000**		
Term Loan			
State Bank of India	1044		
Total (B)	**1044**		
Total (A)+(B)	**10044**		

Details of the bank limits rated by ICRA (Rated on short term scale)

Bank	Amount (Rs. Crore)	Rating	Rating Assigned in
Short-term Non-Fund Based Limits		[ICRA]A1+	31-Mar-23
State Bank of India	2000		
IDBI Bank	375		
IndusInd Bank	1800		
ICICI Bank	2920		

Axis Bank	1450		
Union Bank of India	1000		
Unallocated	55		
Total	**9600**		

Ref: ICRA/National Fertilizers Limited/10042023/1

Date: April 10, 2023

Mr. Hira Nand
Executive Director (Finance)
National Fertilizers Limited
A-11, Sector-24
Noida- 201301, U.P.

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 4000.0 crore (carved out of fund based limits) of National Fertilizers Limited

Please refer to the Rating Agreement dated June 15, 2016, executed between ICRA Limited ("ICRA") and your Company, whereby, ICRA is required to review its rating(s), on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has retained the short-term Rating of [ICRA]A1+ (pronounced ICRA A one plus)("Rating"). Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Such instruments carry lowest credit risk. Within this category, the rating modifier {"+" (plus)} can be used with the rating symbols. The modifier reflects the comparative standing within the category.

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as [ICRA]A1+.

The Rating(s) are specific to the terms and conditions of the commercial paper programme as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change in the terms and conditions or the size of the rated commercial paper programme, the same must be brought to our notice before the commercial paper programme is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the commercial paper programme from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated commercial paper programme availed/issued by your company.

Additionally, we wish to highlight the following with respect to the Rating(s):

(a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the Rating(s) would need to be revalidated before issuance;

(b) Once the instrument is issued, the rating is valid throughout the life of the captioned programme (which shall have a maximum maturity of twelve months from the date of the issuance of the instrument).

The Rating(s), as aforesaid, however, should not be treated as a recommendation to buy, sell or hold CP issued by you. The Rating(s) is restricted to your CP programme size of Rs. 4000.0 crore only. In case, you propose to enhance the size of the CP programme, the same would require to be rated afresh. ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of CP programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com