

June 23, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF
INDIAN FARMERS FERTILISER CO-OPERATIVE LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	6,992.16 (Reduced from Rs.7,048.16 crore)	'CARE AA' (Double A)	Reaffirmed
Short-term Bank Facilities	13,925.62 (Enhanced from Rs.10,951.84 cr)	'PR1+' (PR One Plus)	Reaffirmed
Total Facilities	20,917.78		

Rating Rationale

The ratings reflect the strong market image, experienced management and dominant position of IFFCO in the fertiliser industry. The ratings also factor in consistent operational efficiency (including stabilization of operating performance at Paradeep unit) as well as profitable track record of IFFCO. The ratings are however, constrained by moderate financial risk profile due to increased level of debt to fund delays in receipt of subsidy from the Government, investment commitments to projects of Joint Venture (JV)/subsidiary companies) and highly regulated nature of the fertiliser industry. Going forward, substantial adverse impact on gearing level due to capex plans and the regulatory environment surrounding the fertiliser industry would remain key rating sensitivity.

Company Profile

IFFCO, registered on November 3, 1967 as a multi-state co-operative society. IFFCO is one of the largest fertiliser manufacturing cooperatives in the world having about 40,000 cooperatives members as its shareholders. In FY2009, IFFCO recorded increase in total operating income by around 200% to Rs.33,669 crore mainly on account of increased trading of imported DAP/MAP and the higher subsidy on it due to the high prices in the international market.. PAT witnessed an increase from Rs.253 crore in FY08 to Rs.320 crore in FY09. IFFCO recorded PAT of Rs.279 crore on total income of Rs.13,962 crore in 9MFY10.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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