

Compagnie Indo-Francaise De Commerce Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE BBB-; Negative	Reaffirmed; Outlook revised from Stable
Short Term Bank Facilities	115.00	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Compagnie Indo-Francaise De Commerce Private Limited (CIFIC)[on a combined basis along with Coastal Chemical Company Private Limited (CCCPL) – collectively known as Rahimtula Group], derive strength from the experience of promoters with a long track record of operations as one of the designated few entities to trade and supply fertilizers to major fertilizer manufacturing entities in India and its established relationships with customers and suppliers. The ratings also factor in adequate risk mitigation policies to tackle price volatility and foreign exchange rate fluctuations. However, the ratings are constrained by low profitability margins due to the trading nature of the business, susceptibility of margins to frequent changes in global geopolitical scenario, a moderate financial risk profile, and exposure to the highly regulated fertilizer industry and agro-climatic risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with PBILDT (Profit before interest, lease rentals, depreciation and taxes) margin above 3% and ROCE (Return on capital employed) above 14% on a sustained basis.
- Improvement in financial risk profile marked by PBILDT interest coverage above 3x on a sustained basis.

Negative factors

- Deterioration in capital structure leading to TOL/TNW (Total outstanding liability/ tangible net worth) above 3.50x on sustained basis.
- Decline in scale of operations as marked by TOI (total operating income) below Rs 1000 crore and PBILDT margin below 1.50% on a sustained basis.
- Deterioration in terms with any of its key suppliers or customers, leading to a significant impact on the company's operations.

Analytical approach: Combined

CARE Ratings has taken a combined approach while arriving at the ratings of CIFIC and CCCPL, as the companies operate in a similar line of business and are closely held entities with significant ownership and control by the Rahimtula Group. The list of entities being combined with CIFIC is provided in **Annexure 06**.

Outlook: Negative

The "Negative" outlook is attributed to the expectation of subdued operational performance and net losses on a full year basis in FY25 and vulnerability to geopolitical instability which may take a longer time than expected to improve scale and profitability.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters and long track record of operations in fertilizer business

The group has a long track record of around five decades in the fertilizer industry, leading to an established position in this segment. The company was promoted by the late Mr. Amir Ali Rahimtula, who was also the founder chairman of the Fertilizer Association of India (FAI). He was the first Indian chairman of the Marketing Association of European Nitrogen and Complex

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Producers, known as NITREX and COMPLEX. The company is currently managed by Mr. H.N. Rahimtula, son of Mr. Amir Ali Rahimtula, who has extensive experience of around five decades in the fertilizer trading industry.

Adequate risk mitigation policy

The group is engaged in the trading (high seas sale) of ammonia and is exposed to risks associated with price fluctuations of the traded product and foreign exchange fluctuations. To mitigate price fluctuation risk, the company enters into back-to-back buy and sell orders. The pricing formula is fixed at the time of the order, with both the buyer and the supplier agreeing to the price, thus transferring the price fluctuation risk to the buyer and insulating the group from any adverse price movements. The company procures its products in US dollar (USD) and bills to its buyers also in USD, however, the company receives the payment in Indian rupees thus exposing it to foreign exchange fluctuation risk. The company hedges all of its exposure by buying forward contracts as per the RBI reference rate similar to the one that buyer uses for conversion of USD invoice to INR.

Concentrated yet well-established suppliers and customers

The company has a longstanding relationship with its customers and suppliers, albeit with high concentration. Approximately 98% of its revenue during FY24 (refer to April 01 to March 31) came from its top 5 customers (PY: 96%). The company primarily serves government undertakings and other leaders in the agro-industry in India, entering into medium-term contracts ranging from 1 to 1.5 years with its customers. The supply price is determined by the USD invoice amount converted to equivalent INR as per the RBI reference rate on the payment due date.

Sunshine Fertilizers and P.T. Kaltim Parna Industries are the primary suppliers, accounting for about 80% of total purchases in FY24, with the top 5 suppliers covering 100% of purchases. Despite this concentration, the risk is mitigated as these suppliers are renowned for manufacturing high-quality ammonia and are major suppliers in various global markets.

Key weaknesses**Low profit margins**

The total operating income decreased by approximately 70% during FY24 to Rs 1137.87 crore (PY: Rs. 3886.39 crore) due to erratic weather conditions and a decline in ammonia prices as global demand normalized. Additionally, the company's profitability margins remain low due to the trading nature of the business. The PBILDT margin declined to 0.82% in FY24 (PY: 2.38%) primarily due to higher freight costs. The PAT (Profit After Tax) margin stood low at 0.58% in FY24, mainly due to high interest costs of Rs. 25.13 crore, which includes Rs. 14 crore of prepaid interest.

Moderate financial risk profile

The overall gearing of the group improved to 0.12x during FY24 (PY: 8.44x), mainly due to a reduction in total debt as the group had no liability for bill discounting as of March 31, 2024. Additionally, the working capital limits remained unutilized as of March 31, 2024. Looking ahead, with the improvement in the scale of operations, the debt profile is anticipated to moderate with high bill discounting facilities availed from the bank to make payments to the suppliers that allow a credit period of 30 days. However, these facilities will be backed by secured Letters of Credit (LC) from the customer's bank, thus providing comfort to the financial risk profile. However, the debt coverage metrics subdued during the year as marked by interest coverage ratio of 0.96x (PY: 1.90x) mainly due to high interest expense. The company utilised unsecured loan from promoters to service its interest obligations.

Industry and Geopolitical Exposure Risks

The group operates in the highly regulated fertilizer industry, which exposes it to stringent government policies and regulations that can impact its operations. As a major importer of fertilizer raw materials, the group is also vulnerable to agro-climatic risks, such as erratic weather patterns and unpredictable climatic conditions, which can affect the supply and demand dynamics of fertilizers. Furthermore, global geopolitical scenarios, such as the Ukraine-Russia war, the Red Sea crisis, and the Israel-Palestine conflict, can significantly influence the availability and pricing of raw materials like ammonia and urea. These factors collectively pose challenges to the group's operations and financial stability.

Liquidity: Adequate

The liquidity profile of the group is adequate as marked by nil utilisation of working capital limits during the year along with unencumbered cash and cash equivalent balance of Rs 51.82 crore as of March 31, 2024. The company has no long-term debt repayment obligations in the near term and the repayment of unsecured loans from promoters of Rs 14 crore is also contingent upon the group generating excess cash accruals. The current ratio of the company stood high at 4.01 times as on March 31, 2024 (PY: 1.09 times). The group has no immediate capex plans as of date.

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Fertilizer](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Compagnie Indo- Francaise De Commerce Pvt Ltd (CIFC) was incorporated in June 1967 by late Mr. Amir Ali Rahimtula. Mr. H N Rahimtula (his son) is the current Managing Director of the company. The company was operating as a commission agent for importing fertilizer till 2004. Thereafter, the company ventured into trading of fertilizer raw materials and allied products. The company is currently engaged in trading of fertilizer and allied products wherein it imports from foreign suppliers to supply primarily to domestic PSUs on high seas sale basis.

Standalone financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25(UA)
Total operating income	572.77	318.22	370.62
PBILDT	13.15	1.22	2.17
PAT	8.50	0.86	1.33
Overall gearing (times)	3.92	0.00	0.00
Interest coverage (times)	2.06	0.23	-

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'; 9MFY25: refers to April 01 to December 31

Combined financials of CCCPL and CIFC:

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)	9MFY25(UA)
Total operating income	3886.39	1137.87	842.78
PBILDT	92.55	9.29	-3.40
PAT	36.38	6.56	-5.50
Overall gearing (times)	8.44	0.12	-
Interest coverage (times)	1.90	0.96	0.96

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available';

Status of non-cooperation with previous CRA:

CRISIL has placed the rating assigned to the bank facilities of Compagnie Indo- Francaise De Commerce Private Limited into Issuer Not Cooperating category vide their press release dated May 14, 2024, on account of their inability to carry out a review in the absence of requisite information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Working capital facilities		-	-	-	5.00	CARE BBB-; Negative
Non-fund-based - ST-BG/LC		-	-	-	115.00	CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based-Working capital facilities	LT	5.00	CARE BBB-; Negative	1)CARE BBB-; Stable (05-Jul-24) 2)CARE BB+; Stable; ISSUER NOT COOPERATING * (18-Jun-24)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (28-Mar-23) 2)CARE BBB-; Stable (06-Apr-22)	-
2	Non-fund-based - ST-BG/LC	ST	115.00	CARE A3	1)CARE A3 (05-Jul-24) 2)CARE A4+; ISSUER NOT COOPERATING * (18-Jun-24)	-	1)CARE A4+; ISSUER NOT COOPERATING * (28-Mar-23) 2)CARE A3 (06-Apr-22)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Working capital facilities	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Coastal Chemical Company Private Limited	Full	Operational and financial linkages

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in Rohit Bhatia Analyst CARE Ratings Limited E-mail: Rohit.Bhatia@careedge.in
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