



AN ISO 9001 : 2008 COMPANY

Dhanuka Agritech Limited

By Courier

Ref.No.: DAL:SD:2013:

5th January, 2013

Mr. Rajesh Modani,
National Stock Exchange of India Ltd.,
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

Kind Attn : Mr. Rajesh Modani/ Mr. Kamlesh Patel/ Ms. Tanvi

Sub: Press Release regarding Credit Rating reaffirmed by ICRA Limited for Fund based & Non Fund Based Borrowings

Dear Sir,

With reference to the above subject, please find attached herewith the press release regarding credit rating by ICRA on Fund Based & Non Fund Based Borrowings.

We hope you will find the same in order.

Thanking you,

Yours faithfully,
For Dhanuka Agritech Ltd.

Shubha Singh
Company Secretary

Encl: As above



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Dhanuka Agritech Limited



Press Release

Dhanuka Agritech Limited – Long-term rating upgraded to [ICRA]A (stable) and short-term rating reaffirmed at [ICRA]A1 for bank facilities

Rating

	Amount In Crore	Rating Action As on December 2012
Fund Based Limits	50.0	[ICRA]A (stable) <i>upgraded</i>
Non Fund Based Limits	50.0 (enhanced from 40.0)	[ICRA]A1 <i>reaffirmed</i>

ICRA has upgraded the long-term rating of Dhanuka Agritech Limited (DAL)¹ from [ICRA]A- (pronounced ICRA A minus) to [ICRA]A (pronounced ICRA A) for Rs. 50.0 crore² fund based facilities. The outlook for the long-term rating is stable. ICRA has also reaffirmed the short-term rating at [ICRA]A1 (pronounced ICRA A one) for an enhanced amount of Rs. 50.0 crore non-fund based limits of DAL.

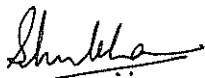
The rating action takes into account strong financial performance exhibited by the company as characterised by steady revenue growth, stable return indicators and strong internal accrual generation; which coupled with the decline in debt levels has resulted in low gearing levels (0.21 times as on 31st March 2012 and 0.14 times as on 30th September 2012); robust debt protection metrics and healthy liquidity position. In recent years, DAL has increased its focus on sale of speciality products (formulations manufactured under tie-ups with established international technical manufacturers), which has not only aided the revenue growth but has also enabled the company to maintain its profitability, amid challenging market conditions. During the current financial year, the company has already launched a new speciality product and has more specialty products in the pipeline to be launched over the next few years; which is expected to support the future revenue growth. Although these require upfront commitments in the form of development and marketing expenses. The ratings continue to factor in DAL's established operational track record and long experience of the promoters in the agrochemical industry; DAL's long standing associations with reputed international technical manufacturers; and the company's diversified presence across all the regions of the country and across product categories, thereby largely mitigating risks related to adverse demand for any particular geography, crop or chemical. DAL is further supported by its established brand and a well entrenched distribution network, which the company continues to augment. The ratings however remain constrained by vulnerability of DAL's revenue and profitability to agro-climatic conditions and raw material price volatility, given the lack of backward integration (manufacturing of technicals). This was demonstrated by moderation of the revenue growth and marginal decline in profitability during FY2012 on account of erratic rainfall; and H1-FY2013 on account of the delayed rainfall during the monsoon season in majority of the states. However the revenue growth for the financial year is expected to be supported by the revival in rainfall

¹ For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

in the month of September, which has improved the prospects of the Rabi crop season. The ratings also take into account competitive and fragmented nature of the industry; exposure to pricing risks given the sizeable raw material and finished goods inventory being maintained by the company; high working capital intensity of the business, exposure to foreign exchange risk given that a part of the raw material requirement is being met through imports and the regulatory risk arising from the possible restrictions on the use of hazardous pesticides. Going forward, the company's ability to maintain its profitability and levels of internal accrual generation, manage its working capital intensity, and the capex/investment plans would be the key rating sensitivities.

For Dhanuka Agritech Limited



Shubha Singh
Company Secretary