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VOL/MUM/GSS/2253

July 15, 2015

National Stock Exchange of India Ltd.

Listing Department,
Exchange Plaza,
Plot No. C/1, 'G' Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Dear Sir/Madam,

Ref: NSE Symbol: VINATIORGA / Series: EQ

VINATI ORGANICS LIMITED – UPDATE

This is to inform you that the Credit Analysis & Research Ltd. (CARE) has revised its ratings to the bank facilities of Vinati Organics Ltd.

Long-term Bank limits - CARE A+ (Single A Plus); Revised from CARE A (Single A)

Short-term Bank limits – CARE A1 (A One); Reaffirmed

Long Term/Short Term Bank limits – CARE A+/CARE A1; Revised from CARE A (Single A)

The press release for the same is attached herewith.

You are requested to take on record of the same and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **Vinati Organics Limited**

A handwritten signature in blue ink that reads "Singhi G.S.".

G. S. Singhi

**Company Secretary cum
Finance Controller**

Encl: As above

JULY 09, 2015

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF VINATI ORGANICS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank limits	63.57 (reduced from 83.84)	CARE A+ [Single A Plus]	Revised from CARE A [Single A]
Short-term Bank limits	62.13	CARE A1 [A One]	Reaffirmed
Long Term/ Short Term Bank limits	40.00 (reduced from 45.00)	CARE A+ / CARE A1 [Single A Plus / A One]	Revised from CARE A [Single A]
Total	165.73		

Rating Rationale

CARE revises long-term rating assigned to bank facilities of Vinati Organics Limited (VOL) on account of VOL's continued healthy operational performance in FY15 (refers to period April 01 to March 31) on account of increase in sales of isobutyl benzene (IBB) and 2-acrylamido 2-methylpropane sulfonic acid (ATBS) and improving margins. As a result the debt coverage indicators and financial risk profile of the company has improved. Total Debt to Gross Cash Accruals (GCA) reduced from 1.49 times in FY14 to 0.47 times in FY15. Further, the overall gearing ratio of the company reduced from 0.53 times at-end-FY14 to 0.15 times at end-FY15.

The rating continues to derive strength from the experience of the promoters in manufacturing speciality organic chemicals, VOL's dominant position as one of the largest global manufacturer of (IBB) and (ATBS) and offtake agreements with reputed domestic and international clients.

However, the rating strengths continue to be tempered by product concentration risk, volatility in the prices of crude-based raw materials & foreign exchange fluctuations and on-going capital expenditure towards de-bottlenecking and new products.

VOL's ability to sustain its growth with new products or variants of existing products in a profitable manner and to successfully utilise the incremental capacity considering the slowdown in European economies are the key rating sensitivities.

Background

Incorporated in 1989, VOL is one of India's leading manufacturers and exporters of specialty organic intermediaries, monomers, and polymers. VOL is one of the world's leading manufacturer of isobutyl benzene (IBB) and 2-Acrylamido 2-Methylpropane Sulfonic Acid (ATBS) with a capacity of 16,000 TPA and 26,000 TPA respectively.

VOL reported Profit After Tax (PAT) of Rs. 115.79 crore on Total Operating Income (TOI) of Rs. 780.71 crore in FY15 (refer to period April 01 to March 31) as against PAT of Rs. 86.15 crore on TOI of Rs. 702.76 crore in FY14.

Analyst Contact

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

CARE has 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.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691