



AN ISO 9001 : 2008 COMPANY

Dhanuka Agritech Limited

By Courier/Mail/Fax

Ref. No.: DAL:SD:2014:

2nd January, 2014

The Department of Corporate Services
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

Ref: Scrip Code: DHANUKA

Sub: Credit Rating upgraded by ICRA Limited for Long Term and Short Term
Borrowings

Dear Sir,

With reference to the above subject, please find attached herewith the press release regarding the Company's Credit Rating upgraded by ICRA Limited.

Long-term rating of the Company has been upgraded from A to A+ for Rs.50.0 crores fund based facilities. ICRA has also upgraded the short-term rating from A1 to A1+ for Rs.50.0 crores non-fund based limits of Company.

We hope you will find the same in order.

Thanking you,
Yours faithfully,

For Dhanuka Agritech Ltd.

Shubha Singh
Company Secretary

Encl: As above

Press Release



Dhanuka Agritech Limited

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

Rating	Amount In Crore	Rating Action As on December 2013
Fund Based Limits	50.0	[ICRA]A+ (stable) <i>upgraded</i>
Non Fund Based Limits	50.0	[ICRA]A1+ <i>upgraded</i>

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

The rating action factors in the strong revenue growth witnessed by DAL during H1-FY2014 driven by increased agricultural activity during the Kharif crop season, on the back of good monsoon; increasing revenue contribution for DAL from speciality products (formulations manufactured under tie-ups with established international technical manufacturers); and the marketing initiatives undertaken by the company to enhance its brand presence. This has enabled DAL to improve its profitability margins, which has consequently led to robust internal accrual generation, strengthening the liquidity profile of the business. Thus the company's working capital requirements are increasingly funded by cash flow generation with low dependence on debt. This has resulted in low gearing levels (0.14 times as on 31st March 2013 and 0.18 times as on 30th September 2013) and robust debt coverage indicators (interest coverage of 23 times, Total debt/OPBDITA of 0.40 times and NCA/Total Debt of 159% for FY2013). ICRA has also taken note of prospects of increased agricultural activity during the ongoing Rabi crop season, on account of good monsoons; thus providing revenue growth opportunities for the industry participants including DAL. The company continues to constantly streamline its product portfolio, regularly introducing new products and discontinuing weaker products. DAL also has some speciality products in the pipeline, to be launched over the next few years; which is expected to support the future revenue growth. However these products require development and marketing expenses and revenue generation from the same is contingent on their market acceptance. The ratings also continue to factor in the company'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 its 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.

The ratings however are constrained by susceptibility of the company's revenue growth and profitability to agro-climatic conditions and raw material price volatility, given the lack of backward integration (manufacturing of technicals); high working capital intensity of the business driven by high inventory and receivable levels; and competitive and fragmented nature of the industry. Further the ratings also factor in DAL's exposure to foreign exchange risk as part of the raw material requirement is met through imports; and regulatory risk arising from the possible restrictions on the use of hazardous pesticides. Going forward, the company's ability to maintain

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

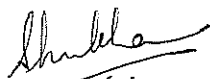
its revenue growth and profitability margins in light of competitive pressures, manage its working capital intensity and the capex / investment plans would be the key rating sensitivities.

About Dhanuka Agritech Limited

Dhanuka Agritech Limited is in the business of crop-protection chemicals. The company reaches out to more than 10 million farmers with its eco-friendly high quality crop care products. The Agri-Division has a pan-India presence through its marketing offices in all major states in India. It has manufacturing units at Gurgaon, Sanand & Udhampur. It has one of the largest distribution networks in India with over 7,500 distributors/dealers selling to over 70,000 retailers and ultimately benefitting 10 million farmers across India.

Dhanuka Agritech Limited has always laid special emphasis on eco-friendly formulations, low-dose active pesticides, integrated pest and weed management. Numerous measures taken by the company in the line of educating farmers regarding use of pesticides, directly and through its field force of 'Dhanuka Doctors'; rain water harvesting and adopting better agricultural practices, coupled with an aggressive growth strategy have contributed to the company's growth over the years.

For Dhanuka Agritech Limited



Shubha Singh

Company Secretary