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VOL/MUM/GSS/1612

August 19, 2013

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

We are enclosing herewith CARE Ratings update for your perusal and record.

Thanking you,

Yours faithfully,
For **Vinati Organics Limited**

A handwritten signature in blue ink, appearing to read "Singhi G S.", is written over the typed name.

G. S. Singhi
Company Secretary cum
Finance Controller

Encl: As above

August 01, 2013

CARE REAFFIRMS 'CARE A-' AND 'CARE A2+' RATING TO THE BANK FACILITIES OF VINATI ORGANICS LTD

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Term loan)	145.29	CARE A- [Single A Minus]	Reaffirmed
Short-term Bank Facilities (Non-fund based facilities)	32.13	CARE A2+ [A Two Plus]	Reaffirmed
Short-term Bank Facilities (Fund based facilities)	75.00	CARE A2+ [A Two Plus]	Reaffirmed
Total Facilities	252.42		

Rating Rationale

The ratings continue to derive strength from the experience of the promoters in manufacturing speciality organic chemicals, the company's dominant position as the largest global manufacturer of isobutyl benzene (IBB) and 2-acrylamido 2-methylpropane sulfonic acid (ATBS), time-tested relationship and offtake agreements with reputed domestic and international clients, company's moderate financial profile characterised by comfortable leverage and debt coverage indicators.

The ratings, however, continue to be constrained by the product concentration risk, vulnerability of the profitability to volatility in the prices of crude-based raw materials and foreign-exchange fluctuations.

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 the European and US economies are the key rating sensitivities.

Background

Incorporated in 1989, Vinati Organics Ltd (VOL) is one of India's leading manufacturers and exporters of specialty organic intermediaries, monomers, and polymers. VOL is the world's largest 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 as on March 31, 2013. IBB finds application in the manufacturing of Ibuprofen (a non-steroidal anti-inflammatory drug), while ATBS is a specialty monomer which finds multiple applications in operations, such as industrial water treatment, oil field recovery, construction chemicals, hydrogels for medical applications, personal care products, emulsion polymers, detergents, textile print pastes, adhesives and sealants, thickeners and paper coatings. In an effort towards backward integration, VOL had executed a project for its ATBS plant to manufacture isobutylene (IB), which is one of the major raw materials. The IB plant in India is the largest plant with a capacity of 12,000 TPA. Besides, VOL also manufactures Normal Butylbenzene (NBB), Sodium Salt of 2-Acrylamido 2-methylpropanesulfonic Acid (NaATBS), N-Tertiary Butyl Acrylamide (TBA), Hexenes and other industrial monomers on a small scale. The recent addition to its product portfolio includes isobutylene, high purity methyl tert butyl ether (MTBE) and methanol.

During FY13 (refers to the period April 1 to March 31), the company also completed construction of the Diacetone Acrylamide (DAAM) plant with a capacity of 1,000 mtpa. DAAM finds application in coatings, personal care, light sensitive resin additive etc.

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

In FY13, the company has earned a PAT of Rs.68.66 crore (PY Rs.54.81 crore) on a total operating income of Rs.556.59 crore (PY Rs.450.48 crore).

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CARE has classified instrmnts 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

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