

September 24, 2010

**CARE UPGRADES RATINGS ASSIGNED TO THE BANK FACILITIES OF
BODAL CHEMICALS LTD.**

Ratings assigned

Facilities/ Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term bank facilities	220.76	CARE BBB- [Triple B Minus]	Revised from CARE BB+ [Double B Plus]
Short-term bank facilities	95.00	PR3 [PR Three]	Revised from PR4 [PR Four]
Total Bank facilities	315.76		

Rating Rationale

The revisions in the ratings take into account growth in income and improvement in the profitability during FY10 and Q1FY11 following recovery in the industry scenario. It also considers completion of ongoing projects and company's plan for equity infusion during FY11, to meet long-term working capital requirement. The ratings continue to consider long standing track record of operations, integrated nature of operations with healthy operational efficiency, wide product range in intermediates and diversified revenue streams from domestic as well as exports market. However, the ratings continue to be constrained by high overall gearing, working capital intensive nature of operations, moderate liquidity position and limited pricing power in light of the stiff competition from Chinese and domestic players.

Overall improvement in financial risk profile, achieving optimum return from the enhanced capacities and ability of the company to manage risk associated with fluctuation in raw material prices and foreign exchange rates are key rating sensitivities.

Company profile

Ahmedabad-based BCL commenced operations in 1989 and subsequently converted into a private limited company in 1993. BCL is a leading player in India in dyes & intermediate industry.

Operations

BCL has wide range of intermediates in its product mix. During FY10, sales of dyes, Vinyl Sulphone (VS), H-Acid and other intermediates contributed 36%, 22%, 11% and 31% respectively as compared to 26%, 31%, 13% and 30% during FY09. BCL is one of the key producers in India for VS. BCL has commenced commercial production from the enhanced capacities for the various facilities related to dyes & intermediates during FY10 and sulphuric acid & its derivative during August,2010. Completion of ongoing projects is

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

expected to increase the overall captive consumption of intermediaries ,improve sales mix and save on transportation & power cost.

During FY10, BCL reported total income of Rs.485.29 crore (previous year Rs.405.26 crore), PAT of Rs.14.04 crore (Previous year net loss of Rs.11.50 crore) and gross cash accrual of Rs.33.23 crore (Previous year Rs.1.24 crore).

BCL reported a total income and PAT of Rs.130.11 crore and Rs.4.93 crore respectively, during Q1FY11 as compared to Rs. 103.41 crore and Rs.3.48 crore during Q1FY10.

Analyst Contact
Name: Deepak Prajapati
Tel # 079-40265608
Mobile # +91 94273 08696
Email: deepak.prajapati@careratings.com

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.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Prahaldnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>