

May 7, 2010

**CARE ASSIGNS 'PR1+' RATING TO THE CP PROGRAMME OF
MEGHMANI ORGANICS LTD.****Rating**

Instrument	Amount (Rs. crore)	Rating¹	Remark
Commercial Paper*	20	'PR1+'	Assigned
Total	20		

* carved out of working capital limits

Rating Rationale

The rating favourably takes into account MOL's experienced management team, its established & diversified presence in the agrochemical & pigment industry, integrated production facilities & strong marketing & distribution network and comfortable financial risk profile marked by low gearing levels on standalone basis, healthy profitability margins & comfortable debt servicing parameters. The rating also considers good financial flexibility marked by moderate level of fund based working capital utilisation in a working capital intensive business.

Efficient management of collection period in light of elongated working capital cycle, movement in raw material prices (which are mainly crude based) & foreign exchange rates and completion of ongoing project of Agrochemical segment without time & cost overrun would be key rating sensitivities. Further, higher than expected support to its loss making subsidiary i.e. Meghmani Finechem Limited (MFL) would also be very crucial.

Company Profile

MOL, established in 1995, is engaged in manufacturing and marketing of a range of Pigments and Agro Chemicals, with a major focus on the global markets. MOL has five manufacturing plants in India and an established domestic & export marketing network to support its global as well as India focused initiatives.

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

During FY09, MOL reported PAT of Rs.51 crore on total income of Rs.791 crore against PAT of Rs.38 crore on total income of Rs.602 crore in FY08. On a total income of Rs.561 crore, MOL earned a PAT of Rs.49 crore in 9MFY10.

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CARE 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.

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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.

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