

August 26, 2010

**CARE REAFFIRMS RATING TO THE BANK FACILITIES OF
BANNARI AMMAN SUGARS LTD**

Ratings

Instruments	Amount (Rs. crore)	Ratings ^[1]	Remarks
Long-term Bank Facilities	251.79	CARE AA- [Double A minus]	Reaffirmed
Short-term Bank Facilities	147.50 (enhanced from Rs.7.50)	PR1+ [PR one plus]	Reaffirmed
Long / Short-term Facilities	20.64	CARE AA- [Double A minus]/ PR1+ [PR one plus]	Reaffirmed
Total	419.93		

Background

Bannari Amman Sugars Limited (BASL) is the flagship company of the Bannari Amman Group (BAG), one of the largest industrial conglomerates in South India, and is engaged in the manufacture of sugar, industrial/potable alcohol, bio-compost, granite products and generation of power. Dr.S.V.Balasubramaniam is the Chairman and Managing Director of the company. BASL has four sugar units spread across Tamilnadu and Karnataka with a total installed capacity of 19,000 TCD at the end of March 31, 2010. BASL also has two distilleries with a combined capacity of 120 KLPD and 84.8 MW of power generation capacity in three of its units.

Recent Developments:

During FY10, BASL registered total income growth of 25% to Rs.883 cr compared to FY09 on account of higher sugar price realization during the period. During FY10, BASL produced around 18 lakh quintals of sugar and sold around 27 lakh quintal of sugar as compared to 23 lakh quintal of sugar produced and 28 lakh quintal of sugar sold in FY09. In line with income growth, PBIDT and PAT also increased to Rs.240 cr and Rs.144 cr, respectively, during FY10 as against Rs.173 cr and Rs.120 cr, respectively, during FY09. Overall gearing of BASL improved from 0.44x as on Mar 2009 to 0.32x as on Mar 2010.

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

During FY10, BASL commenced commercial operation of its new 5000 TCD sugar plant with 28.8 MW bagasse based co-generation plant at Koluthampattu village, Tiruvannamalai District, Tamil Nadu in January 2010. The final cost of the project was estimated at around Rs.311 cr which was funded through term loan of Rs.70 crore and remaining through internal accruals.

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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.

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