

August 10, 2010

CARE REAFFIRMS ISSUER RATING AND ASSIGNS A RATING OF 'CARE BBB' AND 'PR3' TO THE BANK FACILITIES OF BINANI INDUSTRIES LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	50.00	'CARE BBB' (Triple B)	Assigned
Short-term Bank Facilities	50.00	'PR3' (PR Three)	Assigned
Total Facilities	100.00		
Issuer Rating	-	'CARE BBB (Is)' (Triple B Issuer)	Reaffirmed

Rating Rationale

The ratings derive strength from being the holding company of a well-diversified industrial house with a 139-year history behind it, the vast experience of the promoters in the cement, zinc and glass fibre business and reputed brand image. The ratings are further strengthened by the importance of the company to the various subsidiaries in providing the management, strategic and financial support and unrealized gains from the investments.

The ratings are, however, constrained by the considerably high level of contingent liabilities, continued underperformance of the zinc and glass fibre businesses, and the volatile nature of industries in which the subsidiaries of BIL operate.

The ability of BIL's subsidiaries to turn around and improve their performance constitutes key rating sensitivity.

Company Profile

BIL is the holding company of the manufacturing businesses of the Braj Binani Group and operates through its subsidiaries. The group is actively working in the core sectors of cement, zinc, glass fibre and downstream composite products. BIL guides in the strategic decisions of the group's manufacturing subsidiaries. The Company's direct subsidiaries include Binani Cement Limited (BCL, rated CARE A), Binani Zinc Limited (BZL, rated CARE BBB (SO)) and Goa Glass Fibre Limited (GGFL, rated CARE BBB (SO)), BT Composites Limited (BTCL) and Wada Industrial Estate Limited (WIEL). The Structured Obligation (SO) ratings to BZL and GGFL are on account of the corporate guarantee provided by BIL. BIL holds 64.91% stake in BCL and 89.90% stake in BZL while others are wholly-owned subsidiaries.

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

Being a holding company, BIL's main source of income is dividend from its subsidiaries and corporate support services to its subsidiaries which includes services related to accounts, finance, treasury, forex/commodity risk management and corporate strategy.

In FY10, BIL reported a PAT of Rs.16.65 crore over the total income of Rs.50.97 crore. As on March 31, 2010 the networth of BIL is Rs.194.23 crore and as on April 30, 2010 the total corporate guarantee extended towards BCL, BZL and GGFL is Rs.1,172 crore.

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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.

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.

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