

January 31, 2012

**CARE REVISES THE LONG-TERM RATING & REAFFIRMS THE SHORT-TERM RATING
ASSIGNED TO THE BANK FACILITIES OF BHASKAR INDUSTRIES LIMITED**

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank facilities	413.64	CARE BBB+ (SO) [Triple B Plus (Structured Obligation)]	Revised from CARE BBB (SO) [Triple B (Structured Obligation)]
Short-term Bank facilities	20.00	CARE A3+ (SO) [A Three Plus (Structured Obligation)]	Reaffirmed
Total Facilities	433.64	-	-

Rating rationale

The revision in the long-term rating takes into account the improvement in the credit profile of the company characterized by improvement in the profitability & gross cash accruals leading to improvement in debt service coverage indicators for FY11 vis-à-vis FY10.

The rating continues to derive strength from strong promoter group, experienced management and Bhaskar Industries limited's (BIL) established track record in the denim industry. The rating also factors in the unconditional & irrevocable corporate guarantee extended by Writers & Publishers Limited and Bhaskar Publications & Allied Industries Private Limited.

The ratings however continue to be constrained by working capital intensive operations, susceptibility of its margins to volatility in raw material prices and cyclical nature of industry and exposure to group entities in unrelated business.

Sustainability and further improvement in profitability and gross cash accruals given the nature of industry are the key rating sensitivities.

Background

Bhaskar Industries Limited (BIL) incorporated in 1985, is part of Dainik Bhaskar (DB) group. BIL is engaged in manufacturing & sales of coarse count cotton yarn (since 1996) & denim fabric (since 2003). At present the spinning capacity of BIL stands at 17,500 MTPA while the denim manufacturing capacity stands at 440 lac mtrs. BIL is one of the largest denim manufacturing unit in India on the basis of installed capacity

During FY11, BIL posted PAT of Rs.35.31 crore (Rs.3.22 crore in FY10) on total income of Rs.579.39 crore (Rs.404.40 crore). Further during H1FY12, BIL posted PBT of Rs.19.01 crore (Rs.15.10 crore in H1FY11) on total income of Rs.346.54 crore (Rs.252.67 crore in H1FY11).

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

About Guarantors

BIL has an irrevocable and unconditional corporate guarantee from Writers & Publishers Ltd (WPL) and Bhaskar Publications and Allied Industries Pvt. Ltd (BPAIPL) for the entire amount of facilities availed. WPL & BPAIPL are engaged in commercial printing on job-work basis & WPL also trades in edible oil seeds. Furthermore WPL also operates as an investment arm for the group wherein it receives loans from associates and promoters and invests in the group companies. During FY11 WPL posted total income of Rs.719.50 crore & PAT of Rs.1.36 crore. BPAIPL posted total income of Rs.21.06 crore & PAT of Rs.0.72 crore during FY11. The tangible networth of WPL & BPAIPL as on March 31, 2011 stood at Rs.255.16 crore & Rs.8.40 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.

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