

December 28, 2012

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
BHASKAR INDUSTRIES LTD.**

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	469.67 (413.64)	CARE BBB+ (SO) [Triple B Plus (Structured Obligation)]	Reaffirmed
Short-term Bank Facilities	20 (20)	CARE A3+ (SO) [A Three Plus (Structured Obligation)]	Reaffirmed
Total Facilities	489.67	-	-

Rating Rationale

The ratings continue to derive strength from strong and resourceful promoters, experienced management and Bhaskar Industries Ltd.'s (BIL) established track record in the denim industry. The ratings also factor in the unconditional and irrevocable corporate guarantee extended by Writers & Publishers Ltd. and Bhaskar Publications and Allied Industries Private Ltd.

The ratings, however, continue to be constrained by working capital intensive operations, moderate capital structure, high dependence on a single product - denim, exposure to group entities in unrelated business, and inherent industry risk.

BIL's ability to manage volatility associated with cotton prices, reducing dependence on denim and timely receipt of funds from group company as envisaged would remain the key rating sensitivities.

Background

Bhaskar Industries Ltd. (BIL) incorporated in 1985, is part of Dainik Bhaskar (DB) group. BIL is engaged in manufacturing and sales of coarse count cotton yarn (since 1996) and denim fabric (since 2003). As on March 31, 2012, BIL has a spinning capacity of 15,000 metric tons per annum (MTPA) and denim manufacturing capacity of 440 lakhs meters per annum. BIL has one of the largest denim manufacturing units in India on the basis of installed capacity.

During FY12 (refers to the period April 1 to March 31), BIL posted PAT of Rs.17.61 crore (vis-à-vis a PAT of Rs.35.31 crore in FY11) on a total income of Rs.856.22 crore (vis-à-vis total income of Rs.579.71 crore in FY11).

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

Furthermore, during H1FY13, BIL posted total operating income of Rs.431.70 crore (vis-à-vis a total income of Rs.338.09 crore in H1FY12) and PAT of Rs.17.40 crore (vis-à-vis a PAT of Rs.12.61 crore in H1FY12).

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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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