

OCTOBER 14, 2016

## CARE REAFFIRM RATINGS ASSIGNED TO BANK FACILITIES OF BHASKAR INDUSTRIES PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities – Term Loan	136.45 (201.62)	<b>CARE BBB+</b> <b>(Triple B Plus)</b>	Reaffirmed
Long term Bank Facilities- Fund Based	142.00 (142.00)	<b>CARE BBB+</b> <b>(Triple B Plus)</b>	Reaffirmed
Short term Bank Facilities- Non Fund Based	40.00 (40.00)	<b>CARE A3+</b> <b>(A Three Plus)</b>	Reaffirmed
<b>Total</b>	<b>318.45</b> <b>(Rs. Three hundred eighteen crore and forty five lakhs only)</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Bhaskar Industries Pvt. Ltd (BIPL) derive strength from strong parentage of Dainik Bhaskar (DB) group, experienced management, established position of BIPL in the denim industry, and its integrated operations.

The ratings however continue to be constrained by exposure to group companies in unrelated businesses, moderate financial risk profile and working capital intensive operations. Furthermore, the ratings are also constrained by the susceptibility of the company's profitability to volatility in the prices of raw material and intense competition in the sector.

Ability to improve profitability margins as well as capital structure, manage volatility associated with cotton prices and the timely receipt of funds from the group entities as envisaged are key rating sensitivities.

**Background**

Incorporated in 1985, BIPL is a part of the DB group, promoted by the Agarwal family which is well known for its association with print media through D B Corp Ltd (DBCL, rated CARE AAA/A1+) which is one of the leading print media companies in India.

BIPL has integrated denim manufacturing facilities ranging from spinning to yarn dying to weaving and finishing. BIPL is primarily engaged in the manufacturing of denim fabric; it also manufactures cotton yarn. BIPL is one of the largest denim manufacturing companies in India on the basis of installed capacity. As on March 31, 2016; BIPL had denim manufacturing capacity of about 41.1 mmpa (million metres per annum) and spinning capacity of 14832 mtpa (metric tons per annum).

During FY16 (refers to the period April 1 to March 31), BIPL reported total income and PAT of Rs.954.32 crore and Rs.5.42 crore respectively vis-à-vis in FY15 where-in it reported total income and PAT of Rs.960.66 crore and Rs.1.03 crore respectively. Furthermore, during Q1FY17, BIPL reported total income of Rs.252.01 crore and PBT of Rs.7.07 crore.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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