

February 18, 2014

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

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	457.59* (enhanced from 419.67)	CARE BBB+ (SO) [Triple B Plus (Structured Obligation)]	Reaffirmed
Long-term Bank Facilities	50	-	Withdrawn
Short-term Bank Facilities	20	CARE A3+ (SO) [A Three Plus (Structured Obligation)]	Reaffirmed
Total Facilities	477.59	-	-

*Out of Rs.457.59 crore, Rs.60 crore is towards proposed limits for which corporate guarantee document is yet to be executed. The rating for Rs.60 crore is an in principle rating. The rating will be confirmed on receipt of the duly executed guarantee document to the satisfaction of CARE.

Rating Rationale

The rating factors in the unconditional and irrevocable corporate guarantee extended by Writers & Publishers Pvt Ltd and Bhaskar Publications and Allied Industries Pvt Ltd which in turn derive strength from the strong and resourceful promoter group, experienced management and established track record of the group. The ratings also factor in the improved standalone operational performance of the company and long standing position of Bhaskar Industries Pvt Ltd in the denim industry.

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

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

Background

Incorporated in 1985, Bhaskar Industries Private Ltd (BIPL) (erstwhile Bhaskar Industries Ltd) is a part of the Dainik Bhaskar (DB) group. BIPL is engaged in the manufacturing and sales of coarse count cotton yarn (since 1996) and denim fabric (since 2003). BIPL has one of the largest denim manufacturing units in India on the basis of installed capacity. As on March 31, 2013, BIPL had an installed spinning capacity of approximately 13,375 metric tons per annum (MTPA) and denim manufacturing capacity of approximately 440 lac mtrs per annum (MPA).

During FY13 (refers to the period April 1 to March 31), BIPL posted PAT of Rs.34.24 crore on a total operating income of Rs.841.87 crore vis-à-vis PAT of Rs.17.61 crore on a total operating income of Rs.856.22 crore in FY12. Furthermore, during H1FY14, BIPL registered a total income of Rs.444.25 crore (vis-à-vis a total income of Rs.431.70 crore in H1FY13) and PBT of Rs.17.34 crore (vis-à-vis a PBT of Rs.25.22 crore in H1FY13).

Furthermore, during FY13, Writers & Publishers Pvt Ltd posted a total operating income of Rs.622.15 crore (vis-à-vis Rs.582.73 crore in FY12) and PAT of Rs.5.10 crore (vis-à-vis Rs.7.90 crore in FY12). In FY13, Bhaskar Publications and Allied Industries Pvt Ltd posted a total operating

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

income of Rs.24.96 crore (vis-à-vis Rs.24.04 crore in FY12) and a net loss of Rs.2.76 crore (vis-à-vis net loss of Rs.1.38 crore in FY12).

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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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