

DECEMBER 23, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF HARI BHOOMI COMMUNICATIONS PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	13.7 (Reduced from 15.0) (Rupees Thirteen Crore and Seventy Lakh only)	CARE BBB; Stable (Triple B; Outlook: Stable)	Reaffirmed

Rating Rationale

The aforesaid ratings of the bank facilities of Hari Bhoomi Communications Pvt Ltd (HBCPL) continue to derive strength from the strong promoter group, qualified and experienced editorial team, strong position in Chhattisgarh and Haryana, comfortable capital structure and debt protection metrics as well as stable industry outlook. The above strengths are partially offset by relatively small scale of operations with geographical concentration risk and low profitability, susceptibility of profits to volatility in newsprint prices, absence of national level ad revenue in view of only regional focus, and working capital intensive nature of business.

The ability to retain its market share in the existing market and debt laden capex to enter into a new market shall be the key rating sensitivities.

Background

Hari Bhoomi Communications Pvt. Ltd. (HBCPL), incorporated in 2007, is engaged in printing and publishing of daily Hindi newspaper in the State of Chhattisgarh, Madhya Pradesh, Delhi and Haryana in the name of 'HariBhoomi'. The Printing facilities are located in Haryana, Chhattisgarh and Madhya Pradesh. The company belongs to the Sainik Aryan group, headed by Haryana-based Mr. Rudra Sen Sindhu.

'Hari bhoomi' was launched in 1996, as a Hindi weekly in Rohtak (Haryana) under 'Param Mitra Manav Nirman Sansthan', a charitable trust. With gaining popularity of the newspaper, it was converted into a daily newspaper in December 1997. In 2000, the news printing and publishing business was transferred to Sindhu Holdings Limited which was later merged with Sindhu Trade Links Limited. STLL was then engaged in the business of news publishing, transportation, trading of oil and lubricant and coal mining operations. With a view to provide a focused approach the news publishing business was hived off in 2008 to Hari Bhoomi Communications Pvt Ltd with 79% stake of STLL and balance stake held by Param Mitra Investment Pvt Ltd, belonging to the promoters. Flagship company of the group, ACB (India) Ltd is a leading player in coal beneficiation.

In FY16 (refers to the period April 01 to March 31), HBCPL has earned a PAT of Rs.3.75 crore on a total operating income of Rs.127.20 crore. As per the provisional results for H1FY17, the company has earned a PAT of Rs.2.64 crore on a total operating income of Rs.64.59 crore.

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****For detailed Rationale Report and subscription information, please contact us at 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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