

June 23, 2010

**CARE REAFFIRMS THE RATINGS TO THE BANK FACILITIES /INSTRUMENTS OF DECCAN CHRONICLE HOLDINGS LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	Rs.97.50 crore (enhanced from Rs.72.50 crore)	<b>CARE AA [Double AA]</b>	Reaffirmed
Short-term Bank Facilities	Rs.75 crore	<b>PR1+ [PR One Plus]</b>	Reaffirmed
<b>Total Facilities</b>	<b>Rs.172.50 crore</b>		
Long-Term Non-Convertible Debentures	Rs.255 crore	<b>CARE AA [Double AA]</b>	Reaffirmed
Short-term Non-Convertible Debentures	Rs.500 crore	<b>PR1+ [PR One Plus]</b>	Reaffirmed
<b>Total Instruments</b>	<b>Rs.755 crore</b>		

**Rating Rationale**

The ratings continues to derive strength from the leadership position of the publication Deccan Chronicle (DC) in Andhra Pradesh, low gearing levels, comfortable liquidity position with significant amount of Fixed Deposits (FDs) and continuous strong operational performance driven by increased circulation revenue and advertising revenue over the years.

The ratings are constrained by volatility of newsprint prices as the same led to decline in profitability margins in FY09 and long working capital cycle.

Further, the ability of DCHL to maintain its leadership position in existing territories as well as establishing presence in the new markets in view of high competition from other leading publications and adverse impact on advertisement revenues due to reduced corporate spend backed by slowdown in the economy are key rating sensitivities.

**Company Profile**

DCHL is one of the leading publication houses in Andhra Pradesh (AP). Its publications include Deccan Chronicle, Andhra Bhoomi and Financial Chronicle.

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

In FY09, DCHL posted net sales of Rs.815 crore and a PAT of Rs.140 crore. During 9MFY10, DCHL posted net sales of Rs.701 crore and a PAT of Rs.255 crore with a PAT margin of 36.33% (compared with 20.79% in 9MFY10).

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