



March 3, 2010

ICRA assigns an LA+ (Stable) rating to the enhanced bank limits of ABP Private Limited; reaffirms bank line ratings

ICRA has re-affirmed the LA+ (pronounced L A plus) rating to the Rs 3400 million term loan and Rs 1800 million cash credit facilities (enhanced from Rs 950 million) of ABP Private Limited (ABPPL)[†]. The outlook on the assigned rating is stable. ICRA has also re-affirmed the A1+ (pronounced A one plus) rating to the Rs 420 million non fund based facilities of ABPPL[†].

The ratings take into consideration the dominant position of ABPPL's publications in Eastern India, its demonstrated ability to tackle competition from the national and regional players and its state-of-the-art printing infrastructure. Majority of ABPPL's revenue is derived from the Bengali daily – *Anandabazaar Patrika (ABP)*, which has the highest readership amongst the Bengali dailies. The acceptance for ABPPL's publications can also be measured by the retention of a large readership base despite increasing the cover price twice in a period of one year (July 08 to June 09). Although ABP's circulation witnessed a decline to the tune of 8%, the overall circulation revenue increased by 13% during FY09 vis-à-vis FY08. ABPPL has also registered significant uptrend in margins during the period April – December 09 (9M FY10) as compared to FY09 and ICRA notes the increase in operational flexibility arising from the newly commissioned printing facility at Barasat, West Bengal. The ratings, however also take into account the large dependence of ABPPL on advertisement revenue which in turn is linked to the economic cycle, its exposure to the volatility in the price of newsprint, overall geographical business concentration risk, a high gearing and deteriorating financial profile of its subsidiary, Media Content and Communication Services (MCCS, rated at LBBB- by ICRA).

Company Profile

ABPPL, established in 1922, is one of the oldest media houses in India with all of its eleven publications occupying dominant positions in their respective markets. Bulk of the company's income is derived from its two newspapers, *Anandabazar Patrika* and *The Telegraph*, both being market leaders in East India with a combined circulation of 1.64 million copies per day. ABPPL has also ventured into electronic media through its joint venture with STAR, and owns three popular news channels. The company is gradually evolving into a media conglomerate through its presence in other media platforms – internet, radio and book publishing.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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