

D.B. Corp. Ltd.

September 28, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities- Fund Based	155.00 (enhanced from Rs.150 crore)	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Bank Facilities- Term Loan	12.92		
Short Term Bank Facilities – Non Fund Based	247.75 (enhanced from Rs.202.75 crore)	CARE A1+ (A One Plus)	
Long Term Bank Facilities – Non Fund Based	2.25	CARE AAA; Stable (Triple A; Outlook: Stable)	
Total Facilities	417.92 (Rs. Four Hundred seventeen Crore and ninety two lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings assigned to the bank facilities of DB Corp. Ltd. (DBCL) continue to derive strength from its comfortable financial risk profile characterized by low leverage, comfortable debt coverage indicators and liquidity position of DBCL. The ratings also derive strength from experience of promoters and well-established position of DBCL in the print media industry, long track record, geographically diversified presence of its publications with leadership positions in various territories, and strong brand name.

DBCL's ability to achieve break-even of the newly launched editions and maintain profitability margins are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced Promoters & strong execution skills

The promoters of DBCL have been in the print media business for more than five decades, since the first edition of Dainik Bhaskar (DB) was launched in 1958. Mr. Sudhir Agarwal, promoter of DBCL, has more than two decades of experience in publishing and newspaper business. The management has been instrumental in pursuing growth opportunities and has demonstrated strong execution skills while expanding into new markets and launch of new editions.

Strong brand presence and leadership position

DBCL is the largest print media group amongst national dailies in terms of readership with a total readership of ~44 million readers across its various publications. The print business has presence in 12 states in North, Central and Western India. The company through its various publications has the highest readership base and the same is diversified across various states, thus reducing its dependence on any particular region. The Audit Bureau of Circulation (ABC) for six month period (July'15-Dec'15) declared Dainik Bhaskar as India's largest circulated national daily. Also, WAN IFRA World Press Trends 2015 declared Dainik Bhaskar as the 4th largest circulated newspaper in the world. Further, as per the 2015-16 Press in India Report prepared by the Registrar of Newspapers of India (RNI), Dainik Bhaskar is the nation's largest

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

circulated multi-edition daily newspaper. DBCL's other newspaper brands include Saurashtra Samachar, DB Star and DB Post.

DBCL's mature editions continue to generate profits and continue to support its emerging editions. Loss in emerging editions at operating level stood at Rs.25.9 crore in FY17, loss is primarily due to competition from already established players in the new regions/territories. Furthermore, the newly launched editions generally take 3-4 years to achieve break-even due to heavily subsidized cover prices, high marketing costs and lower advertisement revenue. Nevertheless, the company in the past has demonstrated track record to successfully launch new editions and achieve swift breakeven. There were no new launches in FY17. In Q1FY18, one new edition (Surat) has been launched.

Stable financial risk profile

DBCL's financial risk profile is characterized by growth in total income, low leverage, sufficient liquidity & comfortable debt service indicators. The total revenue and EBITDA of the company grew at a CAGR of 5.5% and 5.7% from FY15 to FY17 respectively. Further with increase in total income and improvement in profitability GCA of DBCL increased from Rs.381 crore in FY16 to Rs.461 crore in FY17 leading to improvement in liquidity position of the company. Furthermore, as on March 31, 2017, the company has minimal debt in its books leading to interest cover of 87.35x and total debt to GCA of 0.18x.

Overall gearing remained comfortable at 0.05x as on March 31, 2017 (0.10x as on March 31, 2016) due to scheduled repayment of debt, combined with accretion of profits. Apart from the financial flexibility due to comfortable capital structure, the company also has sufficient liquidity available in the form of cash & bank balance amounting to Rs.173.24 crore as on March 31, 2017 and low utilisation of working capital bank limits.

Total operating income for FY16 grew to Rs.2,249 crore in FY17 from Rs.2,066 crore in FY16. In FY17, the advertising revenue increased by 8% to Rs.1597 crore mainly on account of higher volumes and hike in advertisement rates last year. The circulation revenue also increased by 11% to Rs.481.4 crore mainly on account of continued strong performance of mature editions.

In Q1FY18, the company earned a PAT of Rs.110 crore on total income of Rs.601 crore.

Analytical approach:

Standalone as more than 99% of the total revenue in DB Corp (Consolidated) comes from DB corp. (Standalone).

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

DBCL, one of the largest print media companies in India, started operations in 1958. The company commenced operations, with the launch of its first edition of Hindi daily newspaper in Bhopal, Madhya Pradesh. As on March 31, 2017 the company publishes six daily newspapers with 65 editions and 208 sub-editions in four languages i.e. Hindi, Gujarati, English and Marathi across 12 states in India. DBCL's daily newspaper portfolio includes — Dainik Bhaskar (DB), Divya Bhaskar, Divya Marathi, Saurashtra Samachar, DB Star and DB Post. Other than newspapers DBCL also publishes certain magazines & tabloids. DB also has radio licenses for 30 cities across 7 states, under brand name 'My FM'. The company

has 52 printing units in the states of Rajasthan, Gujarat, Chandigarh, Punjab, Haryana, Himachal Pradesh, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Bihar.

On a consolidated level, the company derives majority of its revenues from advertisements issued in the publications & aired on radio (70.74% of total income in FY17) and sale of publications (21.32% of total income in FY17). Apart from printing & publishing and radio business, DBCL also has presence in the business of wind energy, event management & digital media with 13 operational portals and two mobile applications, however these businesses form a very minor portion of the total revenue.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	2066.42	2249.40
PBILDT	566.82	650.56
PAT	293.93	375.07
Overall gearing (times)	0.10	0.05
Interest coverage (times)	41.02	87.35

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: 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.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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/outlooks 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	155.00	CARE AAA; Stable
Fund-based - LT-Term Loan	-	-	February 2018	12.92	CARE AAA; Stable
Non-fund-based - ST-Letter of credit	-	-	-	247.75	CARE A1+
Non-fund-based - LT-Bank Guarantees	-	-	-	2.25	CARE AAA; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	155.00	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Jan-17) 2)CARE AAA (01-Apr-16)	1)CARE AAA (01-Oct-15)	1)CARE AAA (04-Nov-14)
2.	Commercial Paper	ST	-	-	-	1)Withdrawn (20-Jan-17)	1)CARE A1+ (01-Oct-15)	1)CARE A1+ (04-Nov-14)
3.	Fund-based - LT-Term Loan	LT	12.92	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Jan-17)	1)CARE AAA (01-Oct-15)	1)CARE AAA (04-Nov-14)
4.	Non-fund-based - ST-Letter of credit	ST	247.75	CARE A1+	-	1)CARE A1+ (20-Jan-17) 2)CARE A1+ (01-Apr-16)	1)CARE A1+ (01-Oct-15)	1)CARE A1+ (04-Nov-14)
5.	Non-fund-based - LT-Bank Guarantees	LT	2.25	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Jan-17)	-	-

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