

DB Corp. Ltd

January 20, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	192.76	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Short Term Bank Facilities	202.75	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	395.51 (Rs. Three Hundred Ninety-Five Crore and Fifty-One lakhs Only)		
Commercial Paper	0.00 (50.00)	-	Withdrawn

Details of instruments/facilities in Annexure-1

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of DB Corp. Ltd. (DBCL) continue to reflect strength derived 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.

CARE has withdrawn the rating assigned to the Commercial Paper issue of DBCL, due to extinguishment of the said facility and there are no amounts outstanding under the issue as on date.

Detailed description of the key rating drivers

DBCL's financial risk profile is characterized by growth in total income, low leverage, sufficient liquidity & comfortable debt service indicators. Total operating income for FY16 grew marginally to Rs.2062.64 in FY16 from Rs.2019.07 crores in FY15. Further with increase in total income and improvement in profitability, GCA of DBCL increased from Rs.377 crore in FY14 to Rs.390 crore in FY16 leading to improvement in liquidity position of the company. Furthermore, as on March 31, 2016, the company has minimal debt in its books leading to interest cover of 73.23x and total debt to GCA of 0.36x.

The promoters of DBCL have been in the print business for more than five decades, since the first edition of Dainik Bhaskar (DB) was launched in 1958. Mr. Ramesh Chandra Agarwal and Mr. Sudhir Agarwal promoters of DBCL, have more than two decades of experience in publishing and newspaper business.

DBCL is the largest print media group amongst national dailies in terms of readership with a total readership of 19.80 million readers across its various publications. The print business has presence in 14 states in North, Central and Western India. Of these 14 states, DBCL continues to hold leadership position in Madhya Pradesh, Chhattisgarh, Punjab, Chandigarh, Haryana, urban Rajasthan and urban Gujarat. 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.

DBCL's mature editions continue to generate profits and support its emerging editions. Loss in emerging editions at operating level stood at Rs. 33.8 crore in FY16 as against Rs.27.40 crore in FY15; loss is primarily due to competition from already established players in the new regions/territories. The ability of the company to achieve break-even to the emerging editions remain rating sensitivity.

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

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

[Policy on Withdrawal of ratings](#)

[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, 2016 the company publishes seven daily newspapers with 62 editions and 208 sub-editions in four languages i.e. Hindi, Gujarati, English and Marathi across 14 states in India. DBCL's daily newspaper portfolio includes — Dainik Bhaskar (DB), Divya Bhaskar, Saurashtra Samachar, DB Star, DNA, DB Post and Divya Marathi. Other than newspapers DBCL also publishes certain magazines & tabloids. DB also has radio licenses for 17 cities across 7 states, under brand name 'My FM'. In addition, MY FM also acquired 13 new radio station licenses thereby expanding its footprint in 30 cities across markets. 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 published in the publications & aired on radio (72.19% of total income in FY16) and sale of publications (21.23% of total income in FY16). Apart from printing and publishing and radio business, DBCL also has presence in the business of wind energy, event management & digital media with eleven operational portals and two mobile applications, however these businesses form a very minor portion of the total revenue.

Total operating income for FY16 grew marginally to Rs.2062.64 crore in FY16 from Rs.2019.07 crore in FY15. In H1FY17, the company earned a PAT of Rs.195 crore on total income of Rs.1107 crore.

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

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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 1Details 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	-	-	-	150.00	CARE AAA; Stable
Fund Based - LT-Term Loan	-	-	February 28, 2018	40.51	CARE AAA; Stable
Non-Fund Based - ST-Letter of credit	-	-	-	202.75	CARE A1+
Non-Fund Based - LT-Bank Guarantees	-	-	-	2.25	CARE AAA; Stable
Commercial Paper	-	-	-	0.00	Withdrawn

Annexure 2Rating History for last three years :-

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Chronology of Rating history for past three years		
			Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund Based - LT-Cash Credit	LT	150.00	CARE AAA; Stable	1)CARE AAA (October 01, 2015)	1)CARE AAA (November 04, 2014)	1)CARE AA+ (October 15, 2013)
2.	Commercial Paper	ST	0.00	Withdrawn	1)CARE A1+ (October 01, 2015)	1)CARE A1+ (November 04, 2014)	1)CARE A1+ (October 15, 2013)
3.	Fund Based - LT-Term Loan	LT	40.51	CARE AAA; Stable	1)CARE AAA (October 01, 2015)	1)CARE AAA (November 04, 2014)	1)CARE AA+ (October 15, 2013)
4.	Non-Fund Based - ST-Letter of credit	ST	202.75	CARE A1+	1)CARE A1+ (October 01, 2015)	1)CARE A1+ (November 04, 2014)	1)CARE A1+ (October 15, 2013)
5.	Non-Fund Based - LT-Bank Guarantees	LT	2.25	CARE AAA; Stable			

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