

**DB Corp. Ltd.**

October 03, 2018

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Rating<sup>1</sup></b>	<b>Rating Action</b>
Long Term Bank Facilities- Fund Based	150.00 (reduced from Rs.155.00 crore)	<b>CARE AAA; Stable (Triple A; Outlook: Stable)</b>	Reaffirmed
Long Term Bank Facilities- Term Loan	-	-	Withdrawn
Short Term Bank Facilities – Non Fund Based	222.75 (reduced from Rs.247.75 crore)	<b>CARE A1+ (A One Plus)</b>	Reaffirmed
Long Term Bank Facilities – Non Fund Based	2.25	<b>CARE AAA; Stable (Triple A; Outlook: Stable)</b>	
<b>Total Facilities</b>	<b>375.00 (Rs. Three hundred and seventy five crore only)</b>		

*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.

CARE has withdrawn the rating assigned to the Bank facilities (Term Loan) of DBCL with immediate effect, as the company has repaid the aforementioned term loan in full and there is no amount outstanding under the loan as on date.

**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 ~59 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. As per Press In India Report 2016-17 prepared by the Registrar of Newspapers of India (RNI), Dainik Bhaskar is India's largest circulated multi-edition daily newspaper. Also, as per Indian Readership Survey (IRS) numbers, the Dainik Bhaskar Group has maintained its leadership as the Largest Newspaper Group of Urban India. Further, WAN IFRA World Press Trends 2016 declared Dainik Bhaskar as the 4th largest circulated newspaper in the world. 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.59.50 crore in FY18, 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. The losses in emerging editions increased in FY18 mainly due to launch of Bihar circulation expansion. For FY18, the emerging editions include editions in newly launched cities of Maharashtra and Bihar, Mobile app and also newly launched e-real estate division during FY16. Due to shifting of Jharkhand and most part of Maharashtra in Matured category, emerging business revenues are not comparable on a YoY basis. Nevertheless, the company in the past has demonstrated track record to

*2Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications*

successfully launch new editions and achieve swift breakeven. There were 4 new launches in FY18 namely Jhunjhunu, Gangapurcity, Gaya and DB Surat. In Q1FY19, no new edition was 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. As on March 31, 2018, the company has minimal debt (with no long term debt) in its books leading to interest cover of 86.85x and total debt to GCA of 0.11x.

Overall gearing remained comfortable at 0.02x as on March 31, 2018 (0.05x as on March 31, 2017) due to scheduled repayment of debt, coupled 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.320.89 crore as on March 31, 2018 and lower working capital utilization

In July 2018, the Company approved the buy back up to 92,00,000 fully paid-up equity shares of Rs.10/- each (being approx. 5% of the total paid-up equity share capital of the company as on 31st March, 2018) at a price of ` 340/- per equity share on a proportionate basis through tender offer for an aggregate amount of Rs.312.80 Crore. The same was funded through internal accruals.

Total operating income for FY18 grew to Rs.2345 crore from Rs.2273 crore in FY17. In FY18, the advertising revenue increased by only 3% to Rs.1642.5 crore mainly affected due to demonetisation's lingering effects and GST-led short-term economy disturbance. The circulation revenue also increased by 7% to Rs.514.5 crore mainly on account of volume growth driven by circulation expansion mainly in Rajasthan, Bihar and Gujarat without any reduction in cover price.

In Q1FY19, the company earned a PAT of Rs.98 crore on total income of Rs.639 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](#)

[Policy on Withdrawal of ratings](#)

[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, 2018 the company publishes six daily newspapers with 66 editions and 220 sub-editions in four languages i.e. Hindi, Gujarati, English and Marathi across 13 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 56 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 (70.54% of total income in FY18) and sale of publications (22.09% of total income in FY18). Apart from printing & publishing and radio business, DBCL also has presence in the business of wind energy, event management & digital media with 9 operational portals and 4 mobile applications, however these businesses form a very minor portion of the total revenue.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	2272.95	2345.54
PBILDT	658.81	581.81
PAT	377.31	324.46
Overall gearing (times)	0.05	0.02
Interest coverage (times)	88.45	86.85

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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

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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-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	-	-	-	150.00	CARE AAA; Stable
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit	-	-	-	222.75	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	150.00	CARE AAA; Stable	-	1)CARE AAA; Stable (28-Sep-17)	1)CARE AAA; Stable (20-Jan-17) 2)CARE AAA (01-Apr-16)	1)CARE AAA (01-Oct-15)
2.	Commercial Paper	ST	-	-	-	-	1)Withdrawn (20-Jan-17)	1)CARE A1+ (01-Oct-15)
3.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE AAA; Stable (28-Sep-17)	1)CARE AAA; Stable (20-Jan-17)	1)CARE AAA (01-Oct-15)
4.	Non-fund-based - ST-Letter of credit	ST	222.75	CARE A1+	-	1)CARE A1+ (28-Sep-17)	1)CARE A1+ (20-Jan-17) 2)CARE A1+ (01-Apr-16)	1)CARE A1+ (01-Oct-15)
5.	Non-fund-based - LT-Bank Guarantees	LT	2.25	CARE AAA; Stable	-	1)CARE AAA; Stable (28-Sep-17)	1)CARE AAA; Stable (20-Jan-17)	-

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