

October 15, 2013

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
DB CORP LTD**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Fund-based)	75.00	CARE AA+ [Double A Plus]	Reaffirmed
Long-term Bank Facilities (Term Loan)	119.56	CARE AA+ [Double A Plus]	Reaffirmed
Short-term Bank Facilities (Non- fund Based)	130.00	CARE A1+ [A One Plus]	Reaffirmed
Total Facilities	324.56		
Commercial Paper (standalone)	50.00	CARE A1+ [A One Plus]	Reaffirmed

Rating Rationale

The ratings continue to derive strength from the experience of the promoters and well-established position of DB Corp Ltd (DBCL) in the print media industry, geographically diversified presence of DBCL's publications with leadership positions in various territories, long track record and strong brand name. The ratings also take into account the comfortable financial risk profile characterized by growth in the scale of operations, low leverage and comfortable debt coverage indicators. The ratings also factor in losses in the newly launched editions, volatility of newsprint prices, foreign currency exposure and high correlation of advertisement revenues with economic cycles.

Furthermore, DBCL's ability to achieve break-even of the newly-launched editions, maintaining profitability margins and low gearing levels are the key rating sensitivities.

Background

DBCL, one of the leading print media companies in India, started operations in 1958, with the launch of its first edition of Hindi newspaper in Bhopal, Madhya Pradesh. Currently (as on March 31, 2013) the company publishes eight newspapers with 65 editions and 199 sub-editions in four languages, ie, Hindi, Gujarati, English and Marathi across 13 states in India. DBCL's newspaper portfolio includes – Dainik Bhaskar (DB), Divya Bhaskar, Saurashtra Samachar, Business Bhaskar, DB Star, DNA, Prabhat Kiran and Dainik Divya Marathi. Other than newspapers, DB also publishes certain magazines & tabloids. DB also has radio licenses for 17 cities across 7 states under the brand name 'My FM'. On a consolidated level, the company derives majority of its revenues from advertisements published in the publications and aired on radio (75.78% of total income in FY13; refers to the period April 01 to March 31) and sale of publications (17.82% of total income in FY13). Apart from printing and publishing and radio business, DBCL also has a presence in the business of wind energy, event management & digital media with four operational portals; however, these businesses form a very minor portion of the total revenue.

The total operating income for FY13 increased by 9.49% on year-on-year basis from Rs.1,463.09 crores in FY12 to Rs.1,601.95 in FY13. The PBILDT margin in FY13 improved to 24.92% from 24.45% in FY12. However, the PAT margin on the other hand has dipped slightly from 13.82% in FY12 to 13.62% in FY13.

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

In Q1FY14, the profit after tax grew by 74% on year-on-year basis to Rs.76 crore on June 30, 2013 as against Rs.43 crore on June 30, 2012, with the PAT margin improving from 11.57% to 16.92% for the same period.

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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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