
June 16, 2010

CARE REVISES THE RATING OF LT BANK FACILITIES AND REAFFIRMS RATING TO THE COMMERCIAL PAPER ISSUE OF DB CORP LTD

Ratings Assigned

Facilities/ Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term bank facilities	411.10	CARE AA [Double A]	Revised from CARE A+ [Single A Plus]
Commercial Paper*	50	PR1+ [PR One Plus]	Reaffirmed

* On Standalone basis (earlier carved out of working capital limits).

Rating Rationale

The revision in the long-term rating takes into account infusion of fresh equity and prepayment of term debt leading to substantial improvement in the capital structure, strong growth in profitability levels in FY10 and revival of growth in Indian economy leading to buoyant growth in ad-spends by corporates.

The ratings continue to derive strength from the vast experience & well-established position of the company in the print media industry, track record of promoters and strong brand name of the publications. The ratings also take into account well diversified clientele and geographical presence of its publications with leadership positions in various territories.

The rating also factors in investments in loss-making subsidiaries and need for financial support from DBCL to these subsidiaries till they achieve break even, losses in newly launched editions, volatility of newsprint prices and high correlation of advertisement revenues with economic cycles which results in large swings in profitability.

Further, DBCL's ability to achieve break-even of the newly launched editions, self sufficiency of subsidiaries and maintaining profitability margins are the key rating sensitivities.

Company Profile

DBCL is mainly engaged in printing and publishing business. The leading publications under the company include 'Dainik Bhaskar' a Hindi daily and 'Divya Bhaskar' a leading Gujarati daily. Other newspapers include Business Bhaskar, DB Gold and DB Star and, on a franchisee basis, DNA (in Gujarat and Rajasthan). During FY10, the company reported net sales of Rs.989 crore and a PAT of Rs.199 crore on standalone basis.

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

During Dec-2009, the company has raised Rs.269 crore through an IPO. Out of the total IPO proceeds, as on March 31, 2010 DBCL has utilized Rs.127.6 crore, mainly towards prepayment of the term debt and issue expenses.

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CARE 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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