Hindustan Media Ventures Limited

Instrument	Amount	Rating Action
		October 2016
Long term Borrowing Programme	Rs 25.0 crore	[ICRA]AA+ (Stable) reaffirmed
Commercial Paper programme	Rs 200.0 crore	[ICRA]A1+ reaffirmed

Source: ICRA

The rating assigned to the Rs 25.0 crore[1] long term borrowing programme of Hindustan Media Ventures Limited ('HMVL' or 'the company') has been reaffirmed at [ICRA]AA+ (pronounced ICRA double A plus)[2]. The outlook on the rating is 'Stable'.

The rating assigned to the Rs 200.0 crore commercial paper programme of the company has also been reaffirmed at [ICRA]A1+ (pronounced ICRA A one plus).

The rating re-affirmation continues to factor in the healthy operational and business synergies of HMVL with its parent company, HT Media Limited (HTML). ICRA notes the strong brand recognition of Hindustan as the fourth largest Hindi daily in terms of circulation, enjoying a leadership position in key Hindi speaking markets. The healthy scale up in operations of HMVL, and robust margins and profitability indicators are other rating comforts. The company enjoys strong credit metrics marked by a long-term debt-free financial profile, strong equity base, significant cash balances, healthy cash flows from operations and robust coverage indicators that have all been factored favourably in the ratings.

The ratings, however, continue to be constrained by a single publication driven revenue model and limited geographical diversity that is restricted to northern and eastern India—albeit favourable industry growth drivers supported by an increasing literacy rate offer opportunities to improve penetration and strong domestic consumption-driven growth in rural markets provide some comfort. Notwithstanding favourable demand prospects, ICRA notes that the competitive intensity in the Hindi print media sector has been growing with most large players entering markets that have traditionally been the stronghold for Hindustan, which has to some extent restricted the growth in circulation revenues in FY2016. Furthermore, ICRA notes the susceptibility of HMVL's margins to volatility in newsprint prices and vulnerability of revenue growth to economic cycles because of an advertising revenue-driven business model inherent to the nature of the print media industry. While the company has a strong credit profile with robust debt metrics as well as cash balances, any large debt funded inorganic growth plans of the company that may adversely impact the debt metrics would remain a key rating sensitivity.

HMVL's key publication, Hindustan, is ranked among the leading publications in India as the fifth largest in the daily newspaper segment and fourth in the Hindi daily segment with a daily circulation of 2.4 million copies3. The ratings also takes into consideration the strong operational linkages of HMVL with its parent company, HTML—both being present in the same core business. HTML also enjoys a diversified presence across other media offerings. HTML publishes the leading English daily, Hindustan Times (circulation of 1.3 million copies per day and ranked third in the English daily segment), and the financial daily, Mint. HTML also has a presence in the radio space through Fever 104 FM and has recently launched Radio Nasha 107.2 FM. In the digital business it has a presence through shine.com, desimartini.com and HT Campus. As a part of the HT Media Group, HMVL derives benefits from brand leverage, infrastructure and common marketing teams.

The ratings continue to draw comfort from HMVL's strong financial profile marked by a low gearing (0.2 times as on March 31, 2016); significant cash balances and liquid investments (Rs 763.8 crore as on March 31, 2016); healthy cash flow from operations and robust coverage indicators.

The ratings are, however, constrained on account of the single publication driven revenue model of the company in a highly competitive print media segment and low geographical diversity restricted to northern and

[1] Rs 1 Crore = Rs 100 Lakh = Rs 10 Million
[2] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications
[3] As per data reported by the Audit Bureau of Circulation (ABC) for the period July-December 2015

eastern India; nonetheless, favourable industry growth drivers supported by the increasing literacy rate; higher penetration and strong domestic consumption driven growth in rural markets provide comfort.

ICRA also takes note of the risks inherent in the print media industry in terms of susceptibility of imargins to volatility in newsprint prices and the vulnerability of revenue growth to economic cycles as well as events (such as elections) on account of an advertising revenue-driven business model that constrains the ratings.
Going forward, the company's ability to maintain its leadership position in the existing markets against the backdrop of rising competitive intensity with the entry of other large Hindi dailies in HMVL's key markets will be crucial. Any organic and inorganic growth initiatives funded through borrowings will adversely impact the credit profile of the company, and will remain the key rating sensitivities.

Company Profile
Hindustan Media Ventures Limited (HMVL) is a 75% subsidiary of HT Media Limited (HTML) and is listed on the Bombay Stock Exchange and the National Stock Exchange. The company was incorporated on July 9, 1918 as '*The Behar Journals Limited'*. '*Hindustan*' began its publications in 1936, owing its origins to and serving as a medium for the freedom movement, and has been one of India's eminent Hindi newspaper dailies for over 70 years. The company's name was changed to *'Searchlight Publishing House Limited*' on November 17, 1987, and subsequently to *'Hindustan Media Ventures Limited'* on November 11, 2008, when a fresh certificate of incorporation was issued. *Hindustan*, the flagship publication of HMVL, has the largest readership in key Hindi-speaking markets of Bihar and Jharkhand, with a strong and growing presence in the Delhi National Capital Region (NCR), Uttar Pradesh and Uttarakhand.

Recent Results
As per audited results, HMVL reported a Profit after Tax (PAT) of Rs 180.5 crore on an operating income (OI) of Rs 918.5 crore in FY2016 as against a PAT of Rs 140.9 crore on an OI of Rs 818.6 crore in FY2015. Also, as per published results for Q1FY2017, HMVL reported an OI of 239.2 crore.

October 2016

For further details, please contact:
Analyst Contacts:
Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Anupama Arora (Tel No. +91 124 4545 303)
anupama@icraindia.com

Shruti Zatakia (Tel No. +91 124 4545 396)
shruti.zatakia@icraindia.com

Relationship Contacts:
Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai—400025, Board : +91-22-61796300; Fax: +91-22-24331390	**Kolkata** **Mr. Jayanta Roy** Mobile: **+91 9903394664** Email: jayanta@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna 234/3A, A.J.C. Bose Road Kolkata—700020 Tel +91-33-22876617/8839 22800008/22831411, Fax +91-33-22870728
Chennai **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 5th Floor, Karumuttu Centre 634 Anna Salai, Nandanam Chennai—600035 Tel: +91-44-45964300; Fax: +91-44 24343663	**Bangalore** **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 'The Millenia' Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2, Murphy Road, Bangalore 560 008 Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231	**Pune** **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231
Hyderabad **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083 Tel:- +91-40-40676500	