

January 20, 2025

Bhaskar Prakashan Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based/ CC	15.00	20.00	[ICRA]A- (Stable); reaffirmed
Long-term – Fund-based TL	3.64	3.64	[ICRA]A- (Stable); reaffirmed
Long-term – Unallocated	7.41	2.41	[ICRA]A- (Stable); reaffirmed
Short-term – Non-fund based	11.00	11.00	[ICRA]A2+; reaffirmed
Total	37.05	37.05	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of the ratings factors in the established brand name of Bhaskar Prakashan Private Limited's (BPPL) key publication, Dainik Bhaskar, in Madhya Pradesh and Maharashtra, along with expected healthy operating margins and comfortable debt protection metrics in FY2025. BPPL's revenue increased by 26.9% in FY2024 (PY: Rs. 140.6 crore), supported by growth in circulation revenue by 7.7% and advertisement revenue by 39.1%, led by election-driven ad spend and the operating margins rose by 920 bps to 20.7%, which are expected to largely sustain in FY2025. This along with low debt external debt levels, which is projected to be around Rs. 31-32 crore as of March 2025, is likely to result in comfortable debt protection metrics with total external debt/OPBITDA in the range of 1.7-1.9 times (PY: 1.6 times) as on March 31, 2025 and DSCR of around 2.5-2.7 times (PY: 4.0 times), which is likely to sustain in FY2025 with TOL/TNW in the range of 0.9-1.0 times (FY2024: 1.0 times). The ratings favourably consider the extensive experience of its promoters in the newspaper publishing industry.

The ratings, however, remain constrained by BPPL's reliance on a single publication, Dainik Bhaskar, and high dependence on few territories. Although the company has diversified its publication with the launch of Mumbai edition in FY2024, the same is yet to gain significant traction from the market and provide meaningful contribution to its profitability. The company's profitability is susceptible to adverse movements in newsprint costs. Its revenues and profits are vulnerable to the cyclicity in advertising spends by corporates and BPPL's advertisement revenues have shown fluctuations in the past. The ratings are constrained by substantial investments made by BPPL in other group companies and any significant incremental loans and advances to group companies, the quantum and their recoverability will remain a key monitorable. ICRA notes the strong competition from other established Hindi dailies as well as digital media.

The Stable outlook on the rating reflects ICRA's opinion that BPPL will maintain comfortable debt protection metrics, supported by low external debt levels and report adequate liquidity position.

Key rating drivers and their description

Credit strengths

Comfortable debt protection metrics – BPPL's total revenue increased by 26.9% in FY2024 (PY: Rs. 140.6 crore), supported by growth in circulation revenue by 7.7% and advertisement revenue by 39.1%, led by election-driven ad spend. Its operating margins rose by 920 bps to 20.7%, which are expected to largely sustain in FY2025. This along with the low debt external

debt levels, estimated to be around Rs. 31-32 crore as of March 2025, is likely to result in comfortable debt protection metrics. The total external debt/OPBITDA is projected to be in the range of 1.7-1.9 times (PY: 1.6 times) as on March 31, 2025 with DSCR of around 2.5-2.7 times (PY: 4.0 times), which is likely to sustain in FY2025 with TOL/TNW in the range of 0.9-1.0 times (FY2024: 1.0 times)

Established market position and healthy brand recognition – BPPL’s key publication—Dainik Bhaskar—enjoys a strong brand recognition and a leadership position. Dainik Bhaskar has been the leading national daily in the country and continues to maintain a strong position. The daily is published by BPPL and DB Corp Limited based on demarcation of territories and editions. As per the Audit Bureau of Circulations data for January-December 2023 among its member publications, the Hindi daily Dainik Bhaskar has been named the largest circulated daily in India across all languages.

Extensive experience of promoters in the print media industry – The promoters and their families have been involved in the print media industry for more than three decades. The company is managed by the sons of the Late BD Agarwal with Mr. Kailash Agarwal as the Managing Director. It has circulation rights in 9 regions (Jabalpur, Satna, Chindwara, Chhatarpur, Singrauli, Nagpur, Aurangabad, Akola, Mumbai) with the Mumbai edition recently launched in FY2024.

Credit challenges

Increasing investments in group companies – BPPL’s investments in group companies increased to Rs. 29.2 crore as of March 2024 (PY: 3.8 crore) due to major investment made in its group company - Shiva Constructions. It has recovered around Rs. 10 crore as on October 31, 2024. However, any significant incremental loans and advances to group companies, and the quantum and their recoverability will remain a key monitorable.

High geographical concentration; dependence on single publication – The ratings remain constrained by BPPL’s reliance on a single publication and high dependence on few territories. Although the company has diversified its publication by launching the Mumbai edition in FY2024, the same is yet to gain significant traction from the market and provide meaningful contribution to its profitability.

Increasing competition from digital media; vulnerability of advertising revenues to economic cycles – The company’s revenues and profits are vulnerable to the cyclicity in advertising spends by corporates and BPPL’s advertisement revenues have shown fluctuations in the past. Its profitability is susceptible to adverse movements in newsprint costs. Newspaper publications are witnessing a gradual slowdown in circulation and readership due to increasing penetration of the digital medium, market saturation and changing media consumption habits.

Liquidity position: Adequate

BPPL’s liquidity is adequate with free cash and liquid investments of Rs. 20.1 crore as of October 2024 and an average cushion of around 30-35% in the working capital limits in the last 12 months. It has debt repayments of Rs. 5.4 crore in FY2025 and Rs. 5.2 crore in FY2026, which can be comfortably met from its estimated cash accruals. Further, the company does not have any major capex plans.

Rating sensitivities

Positive factors – The ratings may be upgraded in case of significant improvement in scale of operations, profitability, debt protection metrics and liquidity position. Additionally, any significant reduction in the working capital cycle will be a credit positive. Further, return on capital employed (RoCE) of more than 20%, on a sustained basis, may lead to a rating upgrade.

Negative factors – Pressure on the company’s ratings could arise in case of decline in revenues or profitability or material rise in the loans and advances extended to group companies or an increase in indebtedness leading to an adverse impact on debt protection metrics or liquidity position. High working capital intensity affecting the liquidity position could lead to pressure on

the ratings. Specific credit metric that may lead to a downgrade of BPPL's ratings is total debt/OPBDITA above 2.3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Print Media
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BPPL as per the details provided in Annexure II

About the company

Bhaskar Prakashan Private Limited (BPPL) is involved in the newspaper publishing business and publishes Dainik Bhaskar, a Hindi newspaper in nine editions namely Jabalpur (1986), Satna (1993), Chindwara (2008), Chhatarpur (2018) and Singrauli (2013) in Madhya Pradesh and Nagpur (2002), Aurangabad (2011) and Akola (2009) in Maharashtra. It started the Mumbai edition in May 2023. Dainik Bhaskar is published by the DB Corp Limited in the remaining parts of the country. The areas were divided within the family in 1986. BPPL has been involved in the cable television business since 2004 as one of the multiple system operators (MSOs) in Jabalpur, but this business is very nominal in scale.

Key financial indicators (audited)

BPPL Consolidated	FY2023	FY2024
Operating income	140.6	178.4
PAT	7.9	18.1
OPBDIT/OI	11.5%	20.7%
PAT/OI	5.6%	10.1%
Total outside liabilities/Tangible net worth (times)	0.8	1.0
Total debt/OPBDIT (times)	2.4	1.6
Interest coverage (times)	6.1	8.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Chronology of rating history for the past 3 years							
		Current (FY2025)		FY2024		FY2023		FY2022	
		Amount Rated (Rs Crore)	Jan 20, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long Term	20.00	[ICRA]A-(Stable)	Nov 16,2023	[ICRA]A-(Stable)	Aug 19,2022	[ICRA]A-(Stable)	Jun 25,2021	[ICRA]A-(Stable)
Term loan	Long Term	3.64	[ICRA]A-(Stable)	Nov 16,2023	[ICRA]A-(Stable)	Aug 19,2022	[ICRA]A-(Stable)	Jun 25,2021	[ICRA]A-(Stable)
Unallocated	Long Term	2.41	[ICRA]A-(Stable)	Nov 16,2023	[ICRA]A-(Stable)	Aug 19,2022	[ICRA]A-(Stable)	Jun 25,2021	[ICRA]A-(Stable)
Bank guarantee	Short Term	11.00	[ICRA]A2+	Nov 16,2023	[ICRA]A2+	Aug 19,2022	[ICRA]A2+	Jun 25,2021	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan I	Simple
Long-term fund-based – Term loan II	Simple
Long-term – Fund-based working capital/ Cash credit	Simple
Short-term – Non-fund based working capital/Bank guarantee	Very Simple
Long-term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan-I	July 2017	-	FY2025	1.75	[ICRA]A- (Stable)
NA	Term loan-II	Nov 2022	-	FY2028	1.89	[ICRA]A- (Stable)
NA	Cash credit	-	-	-	20.00	[ICRA]A- (Stable)
NA	Unallocated	-	-	-	2.41	[ICRA]A- (Stable)
NA	Bank guarantee	-	-	-	11.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	BPPL Ownership	Consolidation Approach
Shiv Shakti Prakashan Pvt Ltd	48.00%	Equity method

Source: BPPL annual report FY2024; ICRA Research

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