



Press Release
EASTERN MEDIA LIMITED
January 28, 2025
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	46.92	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	38.73	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	85.65	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.46.92 Cr. bank facilities of Eastern Media Limited. The rating has been withdrawn on account of the request received from the company and NOCs (No Objection Certificates) received from the respective banker. Acuite has withdrawn the long-term rating on the proposed bank facilities of Rs.38.73 Cr. for Eastern Media Limited without assigning any rating as it is proposed facility. The rating has been withdrawn on account of the request received from the company. The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

Rationale for reaffirmation

The rating reaffirmation is driven by the steady scale of operations of the company supported by the strong brand recognition and the diversified revenue model. The company has improved PAT and EBITDA margins along with reduction in their outstanding debt, along with revenues of Rs. 167.84 Cr. in FY2024 as compared to revenues of Rs. 180.11 Cr. in FY2023. The rating further considers the improving financial risk profile of the company marked by healthy net worth base, comfortable gearing, higher retention of profits and growth in cash and bank balance. These strengths are, however, offset by the working capital-intensive nature of operations and the exposure to volatility in ad revenue along with short term loans and long term advances that the company provides to its employees , affecting its liquidity and financial risk profile.

About the Company

Based in Bhubaneswar, Eastern Media Limited (EML) was incorporated in the year 1984 and promoted by Mr. Soumya Ranjan Patnaik and Ms. Sudatta Patnaik. It is present in the media and entertainment industry and generates revenues from several verticals, such as, print division and advertisement income.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of EML to arrive at the rating.

Key Rating Drivers

Strengths

Experienced promoters coupled with strong brand recognition

The company's operations are supported by the extensive experience of Mr. Soumya Ranjan Patnaik and Ms. Sudatta Patnaik, who possess more than three decades of industry knowledge. With the promoter's assistance, EML has developed presence across multiple media platforms – Odia print, television news, radio, digital and mobile platforms. The company has established a long presence of over three decades in the Odisha market. Acuité believes that the long-standing operations and vintage of the promoters will continue to support EML's operations going forward.

Steady scale of operations supported by the diversified business model

The company has achieved revenues of Rs. 167.84 Cr. in FY2024 as compared to revenues of Rs. 180.11 Cr. in FY2023. The operating income of EML is supported by the revenue driven diversified business model with operations in print, TV and radio. The operating margin of the company increased to 9.63 per cent as on FY2024 from 9.25 per cent as on FY2023 due to fall in operating expenses. The PAT margin stood at 3.26 per cent as on FY2024 as against 2.09 per cent as on FY2023. Since EML has discontinued cable services due to low consumer demand, it has been able to reduce costs which have improved margins although reducing the operating income. EML has discontinued one of its two opera units which was operational till June 2024.

Financial Risk Profile

The tangible net worth of the company stood at Rs.108.16 Cr. as on March 31, 2024, as compared to Rs.102.68 Cr. as on March 31, 2023 due to accretion to reserves. The gearing of the company stood modest at 0.56 times as on 31 March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.82 times as on March 31, 2024 as compared to 1.12 times as on March 31, 2023. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 2.54 times and debt service coverage ratio (DSCR) of 1.19 times for FY2024. The net cash accruals to total debt (NCA/TD) stood healthy at 0.16 times in FY2024.

Weaknesses

Working Capital Cycle

The working capital management of the company is moderate marked by Gross Current Assets (GCA) of 345 days for FY2024 as compared to 339 days for FY2023. The inventory days of the company stood at 66 days in FY2024 as compared to 75 days in FY2023. The debtor days stood at 212 days in FY2024 against 190 days in FY2023. Days payable outstanding stood at 47 days against 63 days in FY2023.

Vulnerability of advertisement revenues to economic slowdown, viewership trends and competition

The media and entertainment industry remain vulnerable to cyclicalities in advertisement spends by corporates and the rising competitive intensity with an increase in the total number of channels in the mass content and niche segment. The above factors challenge the company's ability to retain market share and by implication, its advertisement revenue share. Furthermore, any dramatic shift towards the digital medium away from the print medium is a key overhang for the sector, especially if its own digital platform, is not able to garner higher market share.

Rating Sensitivities

Not Applicable

Liquidity Position Adequate

The company has adequate liquidity marked by adequate net cash accruals of Rs. 9.63 Cr. as on March 31, 2024 as against Rs. 6.83 Cr. long term debt obligations over the same period. The current ratio of the company stood comfortable at 2.2 times in FY2024. The cash and bank balance stood at Rs.8.93 Cr. for FY2024. Further, the working capital management of the company is moderate marked by Gross Current Assets (GCA) of 345 days for FY2024 as compared to 339 days for FY2023. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	167.84	180.11
PAT	Rs. Cr.	5.47	3.76
PAT Margin	(%)	3.26	2.09
Total Debt/Tangible Net Worth	Times	0.56	0.80
PBDIT/Interest	Times	2.54	2.17

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Oct 2024	Term Loan	Long Term	0.02	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	46.90	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	38.73	ACUITE BBB- Stable (Reaffirmed)
20 Sep 2023	Term Loan	Long Term	24.84	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Loan	Long Term	13.91	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	46.90	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
25 Jul 2023	Cash Credit	Long Term	46.90	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Term Loan	Long Term	24.84	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Proposed Long Term Loan	Long Term	13.91	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
05 May 2022	Term Loan	Long Term	24.84	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	13.91	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	46.90	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.90	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.73	Simple	Not Applicable Withdrawn
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	22 Dec 2028	0.02	Simple	ACUITE BBB- Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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