



Press Release
EXPRESS PUBLICATIONS MADURAI PRIVATE LIMITED
October 08, 2024
Rating Reaffirmed, Upgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	87.18	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	25.82	Not Applicable Withdrawn	-
Bank Loan Ratings	35.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	122.18	-	-
Total Withdrawn Quantum (Rs. Cr)	25.82	-	-

Rating Rationale

Acuite has upgraded its long-term rating to 'ACUITE BB+' (read as ACUITE double B plus) from 'ACUITE BB' (read as ACUITE double B) and reaffirmed short term rating to 'ACUITE A4+' (read as ACUITE A four plus) to the Rs. 122.18 Cr. bank facilities of Express Publications Madurai Private Limited (EPMPL). The outlook is 'Stable'.

Further, Acuite has withdrawn its long-term rating on the bank loan facilities of Rs. 25.82 Cr. of Express Publications Madurai Private Limited (EPMPL) without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of the request received from the company and in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

Rationale for upgrade

The rating upgrade reflects the improvement in revenue and profitability, financial risk profile and liquidity. The EBITDA Margins of the company stood at 22.79% in FY24 against 17.14% in FY23 and the PAT Margins of the company stood at 11.34% in FY24 against 4.78% in FY23. The capital structure of the company marked by gearing ratio of the company improved and stood at 2.65 times as on 31st March 2024 against 6.75 times as on 31st March 2023.

About the Company

Express Publications Madurai Private Limited is the flagship company of The New Indian Express Group and is publishing newspapers and periodicals in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Kerala, Orissa, Delhi and Union Territories of Pondicherry, Andaman and Nicobar Islands, Yanam, and Lakshadweep. The Company brings out its publication of newspapers and periodicals from 31 printing and publication centers. It also has Marketing Offices in Kolkata, Mumbai and New Delhi. The Company's publications include English Dailies

viz. The New Indian Express, The New Sunday Express, The Morning Standard from New Delhi & NCR, The Sunday Standard on Sundays from New Delhi and Dinamani in Tamil. In addition, the company also brings out Samakalika Malayalam Vaarika, a weekly in Malayalam and Indulge The Morning Standard, a weekly tabloid magazine at Kolkata.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of EPMPL to arrive at the rating.

Key Rating Drivers

Strengths

Established market position, long track record of operations and healthy brand recognition with stable readers.

EPMPL has more than six decades experience in print media business, the company is professionally managed by Board of Directors headed by Shri. Manoj Kumar Sonthalia as chairmen and managing director and three directors Viz., Mr. S.S Poddar, Mr. T J S George, Ms. Lakshmi Menon as CEO and director and one nominee director Mr. Sreekumar Karunakaran. The extensive experience of promoters helped company in establishing strong relationship with its suppliers. Express Publications Madurai Private limited is the flagship company of The New Indian Express Group and is publishing Newspapers and Periodicals in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Kerala, Orissa, Delhi and Union Territories of Pondicherry. EPMPL brings out its publication of newspapers and periodicals from 31 printing and publication centres. Company has marketing centres across South India, Kolkata, Mumbai and Delhi. EPMPL publications includes The New Indian Express, The New Sunday Express, The Morning Standard from New Delhi & NCR, The Sunday Standard, in addition, EPMPL also brings out Samakalika Malayalam Vaarika, a weekly in Malayalam and, The Morning Standard, weekly tabloid magazine at Kolkata. EPMPL's flagship newspapers 'The New Indian Express', 'The New Sunday Express' and 'Dinamani' has an established market position in South India and enjoys patronage from a niche reader base. Company also receives healthy share of advertisements from government and private sector. Other publications of the company The Sunday Standard, The Morning Standard and Samakalika Malayalam Vaarika also enjoys stable reader base. The revenue of the company has remained stable through last three years supported by healthy brand recognition and stable readership base.

Improvement in scale of operations and profitability

The company has reported healthy growth in revenue in FY2024 which stood at Rs. 275.11 Cr. as against Rs. 247.63 Cr. in FY2023. The operating margins improved to 22.79% in FY2024 from 17.14% in FY2023 and the PAT margin has improved, and stood at 11.34% in FY 2024 as against 4.78% in FY 2023. The growth in revenue and profitability is backed by healthy growth in advertisement segment and reduction in the cost of raw materials. Acuite believes that company is expected to continue to report increase in scale of operations in near to medium term with stable operating and PAT margin.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by adjusted net-worth of Rs. 80.52 Crore as on 31st March 2024 against Rs. 37.32 Crore as on 31st March 2023 due to steady accretion of profits into reserves and treatment of unsecured loans as quasi equity of Rs. 14.75 Cr. Further, the total debt of the company stood at Rs. 213.68 Crore as on 31st March 2024. The capital structure of the company marked by gearing ratio of the company which stood at 2.65 times as on 31st March 2024 against 6.75 times as on 31st March 2023. The interest coverage ratio stood at 2.07 times in FY 2024 as against 1.40 times in FY 2023 and debt service coverage ratio (DSCR) stood at 1.34 times in FY2024 as compared to 1.44 times in FY2023. The TOL/TNW ratio of the company stood at 3.52 times as on 31st March 2024 against 8.53 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 2.97 times as on 31st March 2024 against 4.88 times as on 31st March 2023. Acuite believes that the financial risk profile of the company is expected to improve in the absence of any debt funded capex in near to medium term.

Weaknesses

Working Capital operations

The working capital operations of the company is intensive marked by GCA days which stood at 171 days as on 31st March 2024 which remain same as previous year. GCA days remained high due to delay in realizing of receivables which stood at 118 days as on 31st March 2024. Creditor days of the company stood at 159 days in FY24 against 145 days in FY23 and inventories days of the company stood at 16 days in FY24 against 13 days in FY23. Acuite believes working capital operations remain intensive in near to medium term.

Profitability remains vulnerable to newsprint prices, increasing competition from digital media and significant dependence on advertisement revenue

The main cost element for a newspaper company is the newsprint cost. Newsprint prices have been volatile, and it may not always be possible to pass on the increase to the customers through an increase in cover price or higher advertisement tariff. The newspaper publications are witnessing gradual slowdown in circulation and readership due to the increasing penetration of the digital medium, market saturation and changing media consumption habits. As digital penetration increases, the circulation volumes of newspapers may undergo significant changes. Major portion of the revenue comes from advertisement through print media. Furthermore, the operating margin of media houses remains vulnerable to economic downturns as advertisement revenue is linked to economic conditions.

Rating Sensitivities

- Improvement in capital structure
- Significant deterioration in working capital cycle
- Sustainable improvement in Profitability, Leverage and Solvency position of the group.

Liquidity Position**Stretched**

The liquidity profile of the company is stretched. The net cash accruals of company stood at Rs. 35.57 Cr. in FY 24 against the maturing debt obligations of Rs. 17.78 Cr. The company has cash & bank position of Rs. 7.13 Cr. and current ratio stood at 0.77 times for FY 24. The average fund based bank limit utilization is at 97.89% for the 6 months' period ending August 2024. The company is highly dependent on the short term loans for the working capital operations.

Acuite believes the liquidity profile of the company is expected to improve in the near to medium term with improving cash accruals.

Outlook: Stable

Acuite believes that EPMPL will maintain a 'Stable' outlook and continue to benefit over the medium term owing to its promoter's extensive industry experience and presence in various geographies. The outlook may be revised to 'Positive' in case of sustained improvement in the scale of operations and profitability while maintaining comfortable financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in revenue and profitability or if the financial risk profile weakens, because of stretch in the working capital cycle or higher than expected debt-funded capital expenditure.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	275.11	247.63
PAT	Rs. Cr.	31.20	11.83
PAT Margin	(%)	11.34	4.78
Total Debt/Tangible Net Worth	Times	2.65	6.75
PBDIT/Interest	Times	2.07	1.40

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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
11 Jul 2023	Letter of Credit	Short Term	35.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	35.00	ACUITE BB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.31	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	31.37	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	14.96	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	29.36	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Overseas Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Overseas Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.82	Simple	Not Applicable Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	22 Dec 2018	Not avl. / Not appl.	20 Nov 2028	26.27	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	11 Nov 2016	Not avl. / Not appl.	30 Apr 2028	6.11	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Bank	Not avl. / Not appl.	Term Loan	29 Jan 2020	Not avl. / Not appl.	15 Jul 2027	12.20	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	22 Jul 2015	Not avl. / Not appl.	31 Aug 2025	2.20	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	30 Nov 2017	Not avl. / Not appl.	31 May 2027	2.40	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Indian Bank	Not avl. / Not appl.	Term Loan	19 Jan 2019	Not avl. / Not appl.	15 Jul 2026	3.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)

Cash Credit and Letter of Credit of Indian Overseas Bank has an interchangeability to the extent of Rs. 10.00 Cr.

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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