



Press Release
ASIANET NEWS NETWORK PRIVATE LIMITED
February 21, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	55.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	55.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-’** (read as **ACUITE triple B minus**) on the Rs.55.00 Cr. bank facilities of Asianet News Network Private Limited (ANNPL). The outlook is ‘**Stable**’.

Rationale for Rating Reaffirmation

The rating reaffirmation reflects the company’s established operational track record and market position spanning over three decades, along with strong brand recognition in the Malayalam and Kannada news channel industry. The rating also considers improvement in the scale of operations, moderate financial risk profile marked by low gearing level and moderate debt protection metrics. However, the rating is constrained by uncertainties regarding the recovery of loans extended to the subsidiary company Kannada Prabha Publications Limited (KPPL), the working capital-intensive nature of operations, and the highly fragmented industry, which is susceptible to fluctuations in the advertisement cycle.

About the Company

Kerala based Asianet News Network Private Limited Incorporated in 2008, Asianet News Network Private Limited is a South India’s leading News organization, company engaged in regional news channels and newsprint. The News Media business of the Company includes broadcast two FTA (free-to-air) channels named as Asianet News and Asianet Suvarna News. Asia net News is the leader in the Malayalam news industry that has been in existence around 20 years while Suvarna News serves the Kannada audience. Mr. Frank Pettakkatt Thomas and Mr. Neeraj Kohli are the director of company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of Asianet News Network Private Limited (ANNPL).

Key Rating Drivers

Strengths

Established market position and long track record of operations

Asianet News Network Private Limited (ANNPL) is a subsidiary of Asianxt Digital Technologies Private Limited (ADTPL) (Formerly Asianet News Media & Entertainment Private Limited (ANMEPL)) which is owned by Jupiter

Capital Private Limited (JCPL). ANNPL handles two news channels in Kannada and Malayalam namely Asianet news (Malayalam) and Asianet Suvarna News (Kannada). Asianet News has an established track record of almost three decades in news channel business. ANNPL is managed by Mr. Frank Pettakkatt Thomas and Mr. Neeraj Kohli and Mr. Appachoo N K. The extensive experience of the directors has helped company in establishing strong relationship with its various stakeholders. The company has two subsidiaries namely Kannada Prabha publications limited (KPPL) and Asianet Media and entertainment FZ LLC(AMEFLLC). KPPL operates a newspaper named

Kannada Prabha. Major revenue of ANNPL is through advertisement incomes, and revenue through content sale. ANNPL is market leader in Malayalam news channel industry and one of the top three news channel in Kannada news channel industry.

Acuite believes that ANNPL will continue to benefit from its long track record of operations, extensive experience of the management and established market position in Malayalam and Kannada news channel industry.

Improving scale of operations

ANNPL's revenue has increased to Rs. 183.72 Cr. in FY2024 as against Rs. 162.84 Cr. in FY2023 and Rs.147.38 Cr. in FY2022. The major source of revenue is derived from advertisement contributing nearly 69 percent of total revenue; balance revenue is contributed by sale of content and revenue from events. Most of the advertisement revenue is through advertisement agencies, which is recurring in nature and source of advertisements are fairly diversified between local ads and general advertisements. Further, the company also follows differential pricing for ads telecasting at prime time, important events/occasions, and national holidays. Furthermore, the company's operating profits margin stood at 11.60 percent in FY2024 as against 12.43 percent in FY2023 and 7.37 percent in FY2022. PAT margins remained volatile in past three years, PAT margin for FY2024 stood at 5.51 percent as against 3.25 percent in FY2023 and 5.47 percent in FY2022 primarily due to fluctuations in the interest cost and other incomes.

Acuite believes that the revenues of the company will continue its growth momentum over the medium term on account of the established market position.

Above average financial risk profile

The financial risk profile of ANNPL is moderate marked by moderate network, low leverage ratio and moderate debt protection metrics. The tangible network of the company stood at Rs.122.60 Cr. as on March 31st, 2024, as against Rs.115.46 Cr. as on March 31st, 2023. Further, during the year ANNPL converted 71,47,810 optionally convertible preference shares (OCRPS) into 2,859 equity shares of Rs.10 each with securities premium of Rs.71.47 Cr. The gearing level of the company is below unity at 0.38 times as on 31 March 2024 as against 0.43 times as on 31 March 2023. The total debt of the company stood at Rs.46.56 Cr. as on March 31, 2024, comprises of Rs.13.50 Cr. of Long-Term Debt, Rs.22.27 Cr. of Short-Term Debt, and Rs.10.79 Cr. of CPLTD. Interest Coverage Ratio (ICR) stood at 2.85 times for FY2024 against 1.98 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 1.32 times for FY2024 against 1.49 times for FY2023. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 0.62 times as of March 31, 2024, as against 0.74 times as of March 31,2023. The Debt/EBITDA level stood at 1.44 times as of March 31, 2024, as against 1.78 times as of March 31,2023.

Acuite believes that the financial risk profile of ANNPL is expected to improve in absence of any debt funded capex plan in near term.

Weaknesses

High exposure towards investments in group companies

ANNPL has extended financial support to its subsidiary company KPPL and its holding company ADTPL in the form of inter corporate deposits (ICDs) of Rs.104.09 Cr. (net of provision) as on March 31st 2024. Considering the weak financial position of KPPL, company has made provision of Rs.13.45 Cr. on the ICDs extended to KPPL and interest income from KPPL ICDs is also recognised on cash basis. ANNPL has collected interest worth Rs. 5 Cr. in June 2024 and Rs.1 Cr. in October 2024, Rs.6 Cr. in FY2024 and another Rs.4 Cr. in FY2023.

Acuite believes that the timely recovery of ICDs extended to group companies would remain key rating monitorable going ahead.

Working capital intensive nature of operations

The company's operations are working capital intensive in nature as reflected by its Gross current asset (GCA) days of 306 days in FY2024 as against 342 days in FY2023 and 368 days in FY2022 primarily due to high other current assets which include ICDs to other group entities. The debtor days stood at 82 days in FY2024 as against 96 days in FY2023 and 88 days in FY2022. Working capital intensive nature of operations has led to high utilisation of bank limits at ~80.04 percent for 06 months ending December'24.

Acuite believes that working capital management of the company will remain the key rating sensitivity.

Exposed to Advertising Cycles

ANNPL's high dependence on advertisement revenue exposes the company to the advertisement cycles, increasing the volatility in its revenue. Economic downturns affecting advertising revenues of channels may adversely impact its business and financial condition. TV broadcasting industry faces inherent risk of cyclicality in advertisement spends by corporates and rising competitions, with an increase in the total number of channels in the TV broadcasting space. However, ANNPL's strong market position can be leveraged for increasing the advertisement

income. Given the shifting consumer preferences towards digital platforms, company's ability to sustain and improve its advertising revenue will remain a key monitorable.

Rating Sensitivities

- Improvement in overall operating performance and financial risk profile
- Any further elongations in the working capital cycle

Liquidity Position

Adequate

The liquidity position of the company is adequate marked by sufficient net cash accruals of Rs.17.71 Cr. in FY2024 against repayment obligation of Rs.10.78 Cr. during the same period. ANNPL's current ratio stood at 0.91 times and had cash and bank balance of Rs. 3.05 Cr. as on 31st March 2024. However, the operations of the company are working capital intensive in nature marked by company's high GCA days of around 306 days in FY2024 leading to high reliance on working capital limits with average utilisation of ~80.04 percent for past 06 months ending December'24.

Acuite believes that liquidity of the company will continue to remain adequate over the medium term on account of generation of sufficient net cash accruals against its debt repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	183.72	162.84
PAT	Rs. Cr.	10.13	5.30
PAT Margin	(%)	5.51	3.25
Total Debt/Tangible Net Worth	Times	0.38	0.43
PBDIT/Interest	Times	2.85	1.98

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
24 Nov 2023	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	30.00	ACUITE BBB- 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
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.74	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 May 2026	19.26	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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