

February 02, 2024

Ogaan Media 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 facilities – Cash credit	3.50	3.50	[ICRA]BBB-(Stable); reaffirmed
Short-term – Fund-based facilities – Overdraft	3.00	3.00	[ICRA]A3; reaffirmed
Total	6.50	6.50	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation continues to favourably factor in the experience of Ogaan Media Private Limited's (OMPL) promoters in the business and the financial flexibility derived from being a part of the Jubilant Bhartia Group (JBG). OMPL is owned and managed by Mrs. Kavita Bhartia, wife of Mr. Hari Bhartia, Co-chairman of JBG, and their daughter Ms. Aashti Bhartia. Over the years, the promoters (and other promoter-owned companies) have extended timely financial and operational support (in the form of sourcing newsprint on favourable credit terms) to OMPL. ICRA expects the company to continue receiving such need-based and timely support from its promoters going forward as well. The ratings draw comfort from its association with international reputed magazine brands—Elle and Elle Décor—in their addressable segments, along with its diversification into the event management business. With no long-term debt on books and limited capital investments requirements of the business, the debt outstanding primarily comprises working capital facilities, which supports OMPL comfortable capital structure.

The ratings, however, remain constrained by OMPL's small scale of operations and modest net worth (Rs. 7.7 crore as on March 31, 2023). Notwithstanding the healthy revenue growth in FY2023 to Rs. 40.3 crore, the scale of operations remains modest. The physical print business is yet to revert to FY2020 levels, impacted by structural factors such as shift towards digital platforms, further aggravated by tighter advertising budgets for luxury brands during the pandemic. While an uptick in digital print (i.e., digital copies and formats for Elle and Elle Décor) has offset this decline and supported the revenue growth over the last 1-1.5 years, a sustained growth in the same remains a monitorable. Further, the company continues to disproportionately rely on a single event—India Design (ID)—for revenues in its event management business, which exposes it to concentration risk. Given the uneven cash inflows during a certain period of the year, timely financial support from the promoters, along with maintenance of adequate liquidity buffer in working capital lines remain critical from the credit perspective.

The Stable outlook on the rating reflects ICRA's belief that OMPL will continue to benefit from the established position of its magazines and ramp-up in event management business, supported by financial flexibility derived from its strong promoters.

Key rating drivers and their description

Credit strengths

Financial flexibility due to strong promoters – The company is owned and promoted by Mrs. Kavita Bhartia, wife of Mr. Hari Bhartia –Co-chairman of JBG. Mrs. Bhartia has extended personal guarantee for OMPL's working capital borrowings. In addition, the promoter's family has extended financial support in the form of zero coupon preference shares. The operational support is extended by a Group company to OMPL towards procurement of newsprint on favourable credit terms. ICRA draws comfort from the financial flexibility derived from being a part of JBG. ICRA expects that the company would continue to receive such need-based support from its promoters going forward as well.

Strong brand presence of its key publications – OMPL is the exclusive publisher of two leading fashion and interior designer magazines—Elle and Elle Décor—in India since 1996. Its flagship women’s magazine Elle enjoys a good reputation in the addressable segment. The company has an exclusive contract with the French brand owner of Elle—Hachette Filipacchi Médias—for using the brand name in India. While the physical print business has been on the decline in the recent years, the digital version of these magazines has seen healthy traction, as reflected in revenue growth to Rs. 8.2 crore in 7M FY2024 from Rs. 7.2 crore in FY2023 and Rs. 4.2 crore in FY2022. Besides print, it has diversified into the event business and has been organising an annual interior design symposium as well as exhibit in Delhi under the name India Design since 2013. The event business (ID and brand solutions) has synergies with Elle Décor magazines. This vertical has witnessed healthy traction over the years and is expected to drive the company’s revenue growth over the medium term.

Credit challenges

Modest scale of operations and susceptibility of operating performance to economic conditions – OMPL’s revenues remained modest at around Rs. 30 crore over the past several years (barring the sharp fall seen in FY2021 and FY2022 to Rs. 9-10 crore due to the pandemic and suspension of ID event). The revenues saw healthy growth in FY2023 (to Rs. 40.7 crore) due to two large ID events getting conducted (FY2022 event got postponed to FY2023). With the company reverting to a single event in FY2024, the revenues may again see some YoY moderation. While it is working towards increasing the digital print revenues and expanding its event business (including addition of more ID events), the pace of growth and sustainability of the same remains a monitorable.

Revenue concentration risk – The company organises an annual event, wherein various companies advertise their products, having discretionary nature of expense. OMPL generated ~ 70% of its revenue in FY2023 from the event management business with major revenue from the two ID events (~83% of event business). Owing to this dependence, it faces high concentration risk. However, sequential growth has been witnessed in the non-ID event business since FY2023 (YoY growth of 74%). Going forward, the company is planning to leverage the ID brand and host multiple events pan-India, which is expected to help to reduce the concentration risk emanating from a single event.

Liquidity position: Adequate

The company’s liquidity remains adequate, as reflected in cash balance of around Rs. 2.2 crore, undrawn working capital limits of Rs. 6.5 crore as on October 31, 2023, and average utilisation of FB limits of 4% in 12-months that ended on October 31, 2023. It has no long-term debt repayment obligations nor any major capex plans in FY2025. The cash flows from operations and liquidity available is expected to remain adequate to cater to its operational and debt servicing requirements. OMPL enjoys significant financial flexibility, given its strong promoters.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company is able to significantly and sustainably scale-up its operations, while improving its profitability indicators, aided by growth in its event management business as well as traction in digital revenue streams.

Negative factors – Negative pressure on the ratings could arise for reasons including sustained pressure on revenues and profits, impacting its credit metrics and liquidity profile. Further, lack of timely support from the promoter, if required, could also put pressure on its credit profile.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Print Media
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

OMPL is a magazine publisher-cum-event management company. It is the exclusive publisher of two leading fashion and interior designer magazines – Elle and Elle Décor – in India. The company started operations in 1995 and launched Elle in 1996 and Elle Décor in 2000. Under the magazine publication business, it earns revenue from the circulation of print and digital subscriptions as well as advertisements. Under its event management business, it primarily organises an annual interior design event known as India Design in Delhi. The company is owned and managed by Mrs. Kavita Bhartia, wife of Mr. Hari Bhartia, Co-chairman of the Jubilant Bhartia Group. Apart from OMPL, Mrs. Bhartia is actively involved in running a high-end designer garment brand under the brand name of Ogaan with seven showrooms across Delhi, Mumbai, and Hyderabad.

Key financial indicators (audited)

OMPL Standalone	FY2022	FY2023	H1 FY2024*
Operating income	10.8	40.7	13.9
PAT	-1.5	2.9	0.7
OPBDIT/OI	-40.8%	9.8%	5.9%
PAT/OI	-14.0%	7.2%	5.3%
Total outside liabilities/Tangible net worth (times)	1.2	0.7	-
Total debt/OPBDIT (times)	0.0	0.0	-
Interest coverage (times)	-17.0	18.4	-

Source: Company, ICRA Research; * Provisional numbers; 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		Current rating (FY2024)			Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Feb 2, 2024	Dec 12, 2022	Sep 30, 2021	July 24, 2020
1	Fund-based – CC	Long term	3.50	--	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)
2	Fund-based – Overdraft	Short term	3.00	--	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A3

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Overdraft	Simple

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	Fund-based – CC	-	-	-	3.50	[ICRA]BBB-(Stable)
NA	Fund-based – Overdraft	-	-	-	3.00	[ICRA]A3

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Rajeshwar Burla
+91 40 6939 6443
rajeshwar.burla@icraindia.com

Ashish Modani
+91 20 6606 9912
ashish.modani@icraindia.com

Ritu Goswami
+91 124 4545 826
ritu.goswami@icraindia.com

Jita Paul
+91 80 4332 6400
jita.paul@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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