February 27, 2024

The Indian Express 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 – Working Capital Facilities	20.0	20.0	[ICRA]A (Stable); reaffirmed
Short-term Non-Fund based – Letter of credit	55.0	55.0	[ICRA]A1; reaffirmed
Long-term/Short-term – Unallocated Limits	30.0	30.0	[ICRA]A (Stable)/[ICRA]A1; reaffirmed
Total	**105.0**	**105.0**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation of The Indian Express Private Limited (TIEPL) continues to factor in its strong financial risk profile characterised by an improvement in revenues, robust debt protection metrics and strong liquidity. ICRA expects TIEPL's revenues to grow by 6-7% to around Rs. 490 crore (PY: Rs. 456 crore) in FY2024, surpassing pre-Covid levels (FY2019 – Rs. 463 crore) and by 5-6% in FY2025, supported by expected growth in advertisement revenue. TIEPL's operating margins are likely to remain in the range of 14-15% in FY2024-FY2025 (PY: 15.3%). The leverage is strong backed by limited debt levels with the estimated Total Debt/OPBIDTA at 0.2 times as of March 2024. The ratings also consider TIEPL's strong liquidity position, reflected in the significant free cash and liquid investments of ~Rs. 280 crore as of March 2023, resulting in net cash position, which is expected to sustain in the near term. The ratings derive comfort from the brand recognition and healthy readership base of TIEPL's key publications – The Indian Express (TIE) and Loksatta along with a diverse and established advertiser base, demonstrated track record of operations with an experienced management.

The ratings are, however, constrained by the moderate scale of operations, as reflected in revenues which remained rangebound at Rs. 440-460 crore over FY2017-FY2023 (excluding the dip in FY2021-22 due to the pandemic) and significant dependence on print media (lack of revenue diversification). While it has an event business division, the contribution remained marginal at ~8% of total revenues in FY2023. Further, the geographical concentration of TIEPL's publications is high with presence mainly in the intensely competitive Delhi and Maharashtra (Mumbai and Pune) markets, accounting for ~63% of the circulated volumes. The company's operating margins remain vulnerable to adverse movements in the newsprint prices. Given the high dependence on imports, the margins are also exposed to foreign exchange rate fluctuations. ICRA also notes the strong competition for the company from other established dailies as well as digital media. The ratings also consider the structural challenges faced by newspaper publications, especially in the English print segment, where customer preference (primarily from metros and Tier-I cities) has been shifting towards digital mediums.

The Stable outlook on TIEPL's long-term rating reflects ICRA's expectations that it will continue to maintain the strong financial risk profile, supported by low debt levels and sustenance of operating margins along with a strong liquidity position.

Key rating drivers and their description

Credit strengths

Strong financial risk profile – The revenue is expected to improve by 6-7% to Rs. 490 crore (PY: Rs. 456 crore) in FY2024, surpassing pre-Covid levels (FY2019 – Rs. 463 crore) and by 5-6% in FY2025, supported by expected growth in advertisement revenue. TIEPL's operating margins are likely to remain in the range of 14-15% in FY2024-FY2025 (PY: 15.3%). The leverage is strong backed by limited debt levels with the estimated Total Debt/OPBIDTA at 0.2 times as of March 2024. The ratings also consider TIEPL's strong liquidity position reflected in the significant free cash and liquid investments of ~Rs. 280 crore as of March 2023, resulting in net cash position, which is expected to sustain in the near term.

Healthy brand recognition with stable readership base of key publications – The company has a healthy readership base of its key publications – The Indian Express (TIE) and Loksatta along with a diverse and established advertiser base, demonstrated track record of operations (TIE has been in circulation since 1932) with an experienced management.

Credit challenges

Moderate scale of operations with low business diversity and high geographical concentration – The company's scale of operations, as reflected in revenues, has remained in the range of Rs. 440-460 crore over FY2017-FY2023 (excluding the dip in FY2021-22 due to the pandemic) and has significant dependence on print media. While it has an event business division, the contribution remained marginal at ~8% of total revenues in FY2023. Further, the geographical concentration of TIEPL's publications is high with presence mainly in the intensely competitive Delhi and Maharashtra (Mumbai and Pune) markets, accounting for ~63% of the circulated volumes.

Operating margins vulnerable to changes in newsprint prices and forex fluctuations – The company's operating margins remain vulnerable to adverse movements in the newsprint prices. Given the high dependence on imports, the margins are also exposed to foreign exchange rate fluctuations. ICRA also notes the strong competition for the company from other established dailies as well as digital media. The ratings also consider the structural challenges faced by newspaper publications, especially in the English print segment, where customer preference (primarily from metros and Tier-I cities) has been shifting towards digital mediums.

Liquidity position: Strong

TIEPL's liquidity profile remains strong, supported by free cash and bank balances of Rs. 11.1 crore as of December 2023, along with liquid current investments of ~Rs. 57 crore and non-current investments of ~Rs. 238 crore. Undrawn fund-based working capital limits of Rs. 60 crore as of January 2024 supports the liquidity. The company does not have any long-term debt and has limited capex requirements over the medium term.

Rating sensitivities

Positive factors – ICRA could upgrade TIEPL's ratings if it diversifies its business operations, along with improvement in its revenues and profitability, while maintaining comfortable leverage levels and strong liquidity.

Negative factors – Pressure on the company's ratings could arise in case of a decline in scale or profitability, impacting the debt protection metrics and liquidity position. Additionally, significant elongation of working capital cycle or any large debt-funded capex impacting its leverage or liquidity position may lead to a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology- Print Media
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial statements

About the company

The Indian Express Private Limited (TIEPL), incorporated in 2003, is a privately held print media company with a well-diversified publication profile, comprising dailies such as The Indian Express (English daily), Loksatta (Marathi daily), Jansatta (Hindi daily) and The Financial Express (business daily). The key markets for its publications are Delhi and Maharashtra. Besides these publications, it also publishes various magazines such as Express Computer, Food & Hospitality World, Express Travelworld, Express Pharma, etc, which comprise the company's business publication division. It also has an events business division, which organises several events like Ram Nath Goenka Excellence in Journalism Awards, India Press Photo Awards, etc.

Key financial indicators (audited)

TIEPL - Standalone	FY2022	FY2023
Operating income	341.4	456.2
PAT	41.7	59.5
OPBDIT/OI	14.9%	15.3%
PAT/OI	12.2%	13.0%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.1	0.2
Interest coverage (times)	169.4	125.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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 of Dec 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	Date & rating in FY2021
					Feb 27, 2024	Nov 11, 2022	Jun 24, 2022	-	Mar 30, 2021
1	**Fund-based – Working capital facilities**	Long-term	20.0	-	**[ICRA]A (Stable)**	**[ICRA]A (Stable)**	**[ICRA]A (Stable); ISSUER NOT COOPERATING**	-	**[ICRA]A (Stable)**
2	**Non-fund based – Letter of credit**	Short-term	55.0	-	**[ICRA]A1**	**[ICRA]A1**	**[ICRA]A1; ISSUER NOT COOPERATING**	-	**[ICRA]A1**
3	**Unallocated limits**	Long-term and short-term	30.0	-	**[ICRA]A (Stable)/ [ICRA]A1**	**[ICRA]A (Stable)/ [ICRA]A1**	-	-	-
4	**Unallocated limits**	Long-term	-	-	-	-	**[ICRA]A (Stable); ISSUER NOT COOPERATING**	-	**[ICRA]A (Stable)**

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Working capital facilities	Simple
Short-term Non-fund based – Letter of credit	Very Simple
Long-term/Short-term – Unallocated limits	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	**Cash Credit 1**	June 2022	-	-	10.0	[ICRA]A (Stable)
NA	**Cash Credit 2**	April 2022	-	-	10.0	[ICRA]A (Stable)
NA	**Letter of Credit 1**	June 2022	-	-	25.0	[ICRA]A1
NA	**Letter of Credit 2**	April 2022	-	-	30.0	[ICRA]A1
NA	**Unallocated**	-	-	-	30.0	[ICRA]A (Stable)/[ICRA]A1

Source: Company

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

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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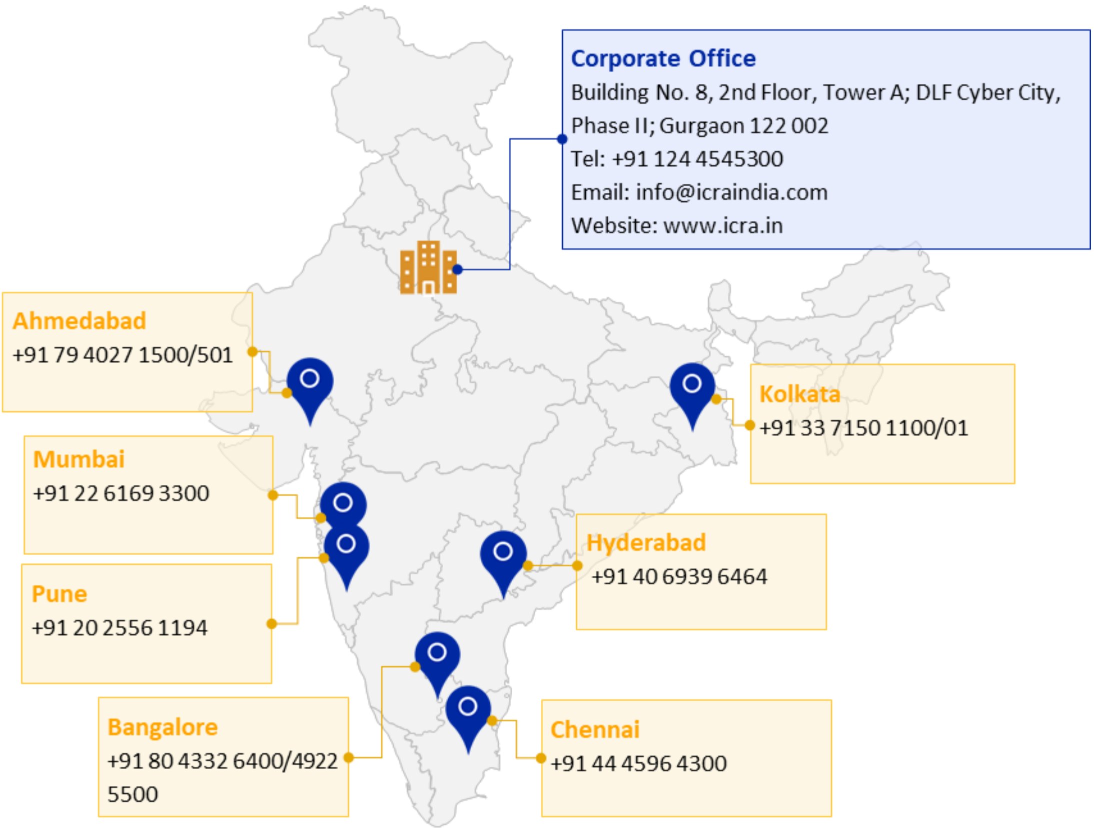

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