

## Ananda Vikatan Publishers Private Limited

Instruments	Amount (Rs. crore) <sup>1</sup>	Rating Action
Long term- Fund Based facility	9.00	[ICRA]BBB+ (stable) assigned

ICRA has assigned a long-term rating of [ICRA] BBB<sup>2</sup>+ (pronounced ICRA triple B plus) to the Rs. 9.00 crore long term fund based facilities of Ananda Vikatan Publishers Private Limited (“AVPPL”/ “the Company”). The outlook on the long-term rating is stable.

The assigned rating factors in the established presence and strength of the ‘Ananda Vikatan’ brand in the Tamil magazine space in the last several decades; the company’s strong editorial team; and the healthy financial profile of the company characterized by absence of term loans, low working capital intensity, adequate profits and consequently, conservative debt metrics and strong liquidity.

The rating is, however, constrained by the relatively stagnant revenues over the last few years following increasing digital content preference among readers. The company also witnesses significant competition from other Tamil magazines. The profits have also been impacted by increase in employee expenses following recommendation by the Majithia Wage Board; nevertheless, they continue to remain healthy. ICRA also notes the relatively low net worth of AVPPL, albeit the profits, partly owing to the relatively high dividend payments.

Going forward, while the company’s sales initiatives would aid to an extent, the revenue growth is likely to be minimal. The profits would be susceptible to the fluctuations in newsprint prices (beyond the hedging) and further increase in employee expenses. The debt metrics are likely to remain comfortable in the absence of significant capex plans/incremental borrowings. However, any impact on cash flows on account of dividend or other forms of payouts, remain to be seen.

### Company Profile

Ananda Vikatan Publishers Private Limited is a magazine publisher based in Chennai. ‘Ananda Vikatan’, the company’s flagship magazine, is very well known in the Tamil magazine space. Apart from this, the company has twelve magazines in its portfolio covering varied areas including health, agriculture, automobile, business & finance and investigative journalism. AVPPL derives majority of its revenues from Tamil Nadu.

The magazine publishing business of the Ananda Vikatan Group was under Vasan Publications Private Limited; this company was engaged in printing and publishing of magazines. Post a business restructuring/demerger arrangement, the publishing business (excluding printing) was transferred to AVPPL, an entity that was incorporated in the year 2014.

Apart from AVPPL, the promoters have interest in five other companies - in printing, real estate, serial production, digital content and marketing – businesses allied/supporting to the magazine publishing business.

### Recent Results (Unaudited)

According to unaudited financials, AVPPL recorded a profit before tax (PBT) of Rs. 5.5 crore on operating income of Rs.85.7 crore during 2015-16 as against a net profit of Rs. 4.6 crore on an operating income of Rs. 83.3 crore in 2014-15.

**September 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale please refer to [www.icra.in](http://www.icra.in) or any publications by ICRA Limited



*For further details, please contact:*

*Analyst Contacts:*

**Mr. Subrata Ray** (Tel. No. +91 22 6114 3408)  
subrata@icraindia.com

**Gayathri Ramesh** (Tel No.+91-44-45964311)  
gayathri.ramesh@icraindia.com

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500