

## Thomson Press India Limited

November 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities (term loan)	47.00	CARE A-; Stable	Assigned
Long Term Bank Facilities	120.00 (Enhanced from 98.00)	CARE A-; Stable	Reaffirmed
Short Term Bank Facilities	25.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Thomson Press India Limited (TPIL) continue to derive strength from significant operational linkages with India Today group managed by common promoters having long track record of operations, long-standing customer relationship with some large and reputed publishing houses having strong market position and comfortable financial risk profile marked by low overall gearing. However, due to the ongoing debt funded capex being undertaken towards setting up new printing machineries, leverage and debt coverage indicators are expected to moderate slightly in near future. Ratings also favourably factor in growing scale of operations and reducing gross current asset days considering the management's focus on collection efficiency and prioritising high profit yielding orders. However, ratings continue to remain constrained on account of modest profitability and return indicators, susceptibility of profitability margins to volatility in raw material prices and exchange rate movements, competitive and fragmented nature of industry with susceptibility towards rapid digital transformation.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Ability of the company to increase its scale of its operations annually by 20% or more primarily on account of volume growth with profit before interest, lease, depreciation and tax (PBILDT) margin above 10% on a sustained basis.
- Improvement in return on capital employed (ROCE) above 9% on a sustained basis.

#### Negative factors

- Decline in scale of operations with PBILDT margin below 4% on a sustained basis.
- Any sizeable capex undertaken by the company adversely impacting its capital structure with overall gearing of over 0.80x on a sustained basis.
- Decline in ROCE below 4% on a sustained basis.

**Analytical approach:** Standalone factoring in operational linkages with the India Today group.

#### Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects the company to have stable operational performance. CARE Ratings also believes that TPIL shall sustain its comfortable financial risk profile in the medium term.

### Detailed description of key rating drivers:

#### Key strengths

**Experienced promoters with long track record of operations:** Thomson Press India Limited (TPIL) is promoted and managed by the Purie family, associated with India Today group. Mr. Aroon Purie, the chairman of the company has over five decades of experience in the printing and media industry. He is assisted by his son Mr. Ankoor Purie (Managing Director) who has done a specialised course of printing management from London School of Printing and has ~11 years of experience in the industry. Promoters are further assisted by a team comprising experienced professionals. Further, there is a change in shareholding pattern of the company with World Media Private Limited (WMPL), previously holding 93.41% stake and the stake was transferred to Intaglio Press Private Limited (IPPL), another group entity in March 2024. IPPL is entirely owned by the Purie family.

**Strong market position with long-standing relationship with reputed client base:** With its existence in the printing industry for over six decades, TPIL has established strong market position in domestic and export markets. TPIL prints books, magazines, calendars, annual reports etc. for domestic as well as export market. During FY24 (refers to the period from April 01 to March 31), exports comprised ~64% (PY: ~64%) of total operating income (TOI), which included some renowned international publishing houses of USA and UK. Over the years, TPIL has established strong relationship with reputed publishing houses such as Harper Collins Publishers, Oxford University Press, Penguin Random House India Pvt. Ltd., Elsevier Ltd. etc. In addition to this,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

TPIL is the sole printer for Living Media India Limited's (LMIL) publications such as India Today, Business Today; Reader's Digest etc. and thus enjoys synergies being part of India Today Group managed by Purie family. The established relationship with the reputed customers helps the company in getting repeat orders, which also provides revenue visibility and minimizes counterparty credit risk. During FY24, the top 10 customers contributed ~52% (PY: ~50%) of the total operating income.

**Growing scale of operations; albeit volatile profitability margins:** The company's total operating income (TOI) stood at ₹499.58 crore in FY24 (PY: ₹486.52 crore). The PBILDT margin slightly declined to 6.02% in FY24 (PY: 6.71%) due to increased employee cost. Consequently, the company's PAT margin also declined to 1.44% in FY24 (PY: 2.89%). Any increase in the raw material cost primarily paper cost is passed on to the customer insulating company from price risks.

**H1FY25** (refers to April 01 to September 30): During H1FY25, the company reported TOI of ₹291.08 crore. The PBILDT margin of the company stood at 6.81%, which is generally on the higher side in the first half of the financial year as TPIL books salary increments and bonuses issued to senior management in second half of the financial year. It also receives orders to print schoolbooks in the second half, where profitability margin is lower compared to printing of novels, and magazines among others.

**Comfortable financial risk profile:** The company's overall gearing remained low and stood comfortable at 0.18x as on March 31, 2024 (PY: 0.07x). Debt coverage indicators stood comfortable as reflected by PBILDT interest coverage of 17.49x (PY: 16.91x) and total debt to gross cash accruals (TD/GCA) of 1.30x (PY: 0.45x) in FY24. Company's investment in subsidiaries (including loans and advances) stood at ₹20.77 crore as on March 31, 2024. Overall gearing still remains comfortable even after adjusting the group exposure from net-worth. However, going forward, with the ongoing debt funded capex having total cost outlay of ₹~90 crore being funded in debt- equity of 1.09:1 with term debt of ₹47 crore (debt tied-up), some moderation in capital structure is expected. Company has projected revenue benefits from new plant to the tune of ₹30 crore in FY25 and ₹80-90 crore in subsequent years.

**Improvement in operating cycle:** The company's operating cycle improved and stood at 79 days in FY24 (PY: 84 days) largely owing to reduced collection period from 52 days in FY23 to 48 days in FY24. Improvement is due to stringent collection policy adopted, where only those customers whose realisation is under 90 days are preferred. The company has also changed its policy and started prioritising its customers based on advance payment, margins and realisation to shorten its operating cycle and reduce its reliance on the working capital limits which is evident from maximum utilisation of only ~38% for 12-months ended July 31, 2024. The company has to maintain inventory in the form of raw material (~60%) and remaining as finished goods and work in process (~40%) for smooth production and selling of books and diaries, as a result of which inventory days stand at ~70-80 days.

### Key weaknesses

**Competitive and fragmented industry with exposure to digital transformation:** The printing industry is highly unorganised with presence of numerous small and mid-sized players, which leads to intense competition and adversely impacts the profitability margins of industry players. However, entry barriers for this segment remain high with it being highly capital intensive and successful operations depend on timely delivery schedule and maintaining quality, which are crucial to win the trust of global publishers. The company has been dealing with reputed publishers for nearly six decades now and remains one of the leading players in this segment. Being part of the India Today group also gives synergistic advantage to the company. However, increasing digitalisation has led to rise in digital content consumption particularly in tier-1 cities, which poses a long-term risk to the industry. The digital transformation requires a significant change in content distribution and content provider's position. The digital segment is highly dynamic and its exact trajectory is not known. The company's inability to adapt to the transition faster than its competitors may render its products obsolete or it may lose its competitive edge and market share. Though, the company has launched a digital application in February 2023 for teaching students, however its revenue is negligible at present. TPIL's ability to breakeven in this segment by FY26 remains to be seen.

**Profitability margins susceptible to fluctuation in raw material prices and exchange rate movement:** The company's main raw material is paper, prices of which have been volatile. Raw material cost accounts for ~40%-45% of TOI. Thus, profitability margins remain susceptible to paper prices, which are volatile in nature since the production is highly dependent on agro-cultivation and paper being the global commodity is also affected by global demand-supply mismatch. However, the company maintains adequate paper inventory, which can be used for all printing work and sources specific type and quality of paper only based on confirmed orders and accordingly bills customers on a cost-plus basis. It also has long-term relationship with customers enabling it to negotiate and bargain better. Since, the company is engaged in exports and imports, which provides natural hedge to some extent. TPIL also hedges ~50% of its export's receivable through forward contracts with the remaining 50% being unhedged, exposing it to volatility in rupee value against foreign currency, which may impact its profitability and cash accruals going forward. During FY24, the company reported net gain of ₹5.89 crore (PY: ₹6.85 crore) from foreign exchange fluctuation.

### Liquidity: Adequate

The company has adequate liquidity even after allocating accruals towards ongoing capex as characterised by sufficient cushion in expected gross cash accruals of ₹27.84 crore against nil term loan repayments in FY25 and moderate cash and bank balance of ₹5.99 crore as on March 31, 2024. Average working capital utilisation stood low at ~38% for 12-months ended July 31, 2024. The company's current ratio stood above unity in the last five fiscals.

## Applicable criteria

[Definition of Default](#)  
[Factoring Linkages Parent Sub JV Group](#)  
[Liquidity Analysis of Non-financial sector entities](#)  
[Rating Outlook and Rating Watch](#)  
[Manufacturing Companies](#)  
[Financial Ratios – Non financial Sector](#)  
[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Media, entertainment & publication	Printing & publication	Printing & publication

Incorporated in 1962, TPIL is a part of the India Today Group, a major multimedia group with interest in publishing, television, and radio among others. The company was promoted by Mr. V. V. Purie. In 1997-98, Living Media India Limited (LMIL), the flagship company of the India Today Group, bought majority stake in TPIL, making the company its subsidiary. In 2013, LMIL transferred TPIL's stake to WMPL. It has again been transferred to IPPL in March 2024. At present, TPIL is fully owned by IPPL and the Purie family. TPIL's business profile mainly comprises two key segments, printing and phototypesetting. TPIL is the sole printer for all LMIL's publications such as India Today, Business Today, Reader's Digest etc. It also prints books, magazines, diaries, calendars, annual reports etc. for domestic and export markets. The company has its facilities in Faridabad (Haryana), Okhla (New Delhi), Noida (Uttar Pradesh) and MM Nagar (Chennai) with combined installed capacity of 1083 Million Impressions per second (MIPS) as on March 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	486.52	499.58	291.08
PBILDT	32.64	30.09	19.82
PAT	14.07	7.19	NA
Overall gearing (times)	0.07	0.18	NA
Interest coverage (times)	16.91	17.49	7.56

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	120.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	31/03/2029	47.00	CARE A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	25.00	CARE A2+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	120.00	CARE A-; Stable	-	1)CARE A-; Stable (03-Nov-23)	1)CARE A-; Stable (26-Oct-22)	1)CARE A-; Stable (31-Dec-21)
2	Non-fund-based - ST-BG/LC	ST	25.00	CARE A2+	-	1)CARE A2+ (03-Nov-23)	1)CARE A2+ (26-Oct-22)	1)CARE A2+ (31-Dec-21)
3	Fund-based - LT-Term Loan	LT	47.00	CARE A-; Stable				

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Puneet Kansal Director <b>CARE Ratings Limited</b> Phone: 120-4452018 E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a></p> <p>Sachin Mathur Associate Director <b>CARE Ratings Limited</b> Phone: 91-120-4452054 E-mail: <a href="mailto:sachin.mathur@careedge.in">sachin.mathur@careedge.in</a></p> <p>Amisha Jain Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Amisha.jain@careedge.in">Amisha.jain@careedge.in</a></p>
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### About us:

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