

## ABP Private Limited

### January 10, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	93.68 (Enhanced from 56.25)	CARE A+; Negative	Reaffirmed
Long-term / Short-term bank facilities	145.00	CARE A+; Negative / CARE A1	Reaffirmed
Short-term bank facilities	49.00	CARE A1	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of ABP Private Limited (ABP) continue to derive strength from the long track record and experience of its promoters, diversified portfolio of newspapers, magazines and news channels and established position in the print and electronic media, albeit concentration of print media in eastern India.

CARE Ratings Limited (CARE Ratings) takes cognisance of improvement in consolidated operating profitability in FY24 (refers to April 01 to March 31), though remaining lower-than-envisaged, followed by significant improvement in 8MFY25, as a result of benefits emanating from lower newsprint (NP) prices and cost rationalisation measures undertaken in the last two years. Operating margin, after remaining lower than 8% for FY23 and FY24, improved to 12.6% in 8MFY25. However, due to high capital charge, the company continued to incur net loss. Sustained improvement in profitability and debt coverage indicators would remain the key rating monitorables.

The ratings continue to remain constrained by the company's dependence on the inherent cyclical nature of its advertisement revenue, susceptibility of profitability to volatility in NP prices, which has witnessed significant volatility in the recent past, exposure to its group companies, and foreign exchange (forex) fluctuation risk.

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

#### Positive factors

- Increase in consolidated total operating income (TOI) along with improvement in its PBILDT margin and return on capital employed (ROCE) beyond 15% on a sustained basis aided by robust performance of its key business segments
- Improvement in overall gearing and TD/GCA below 0.5x and 1.5x respectively on a sustained basis

#### Negative factors

- Operating profitability remaining below 8% on a sustained basis
- Total debt/ PBILDT remaining above 3x on a sustained basis

### Analytical approach: Consolidated

CARE Ratings has taken a consolidated view of ABP and its wholly owned subsidiaries, as they operate in similar industry and have financial and managerial linkages. CARE Ratings also factors in the support provided by ABP to its group entities. The list of entities consolidated has been placed at **Annexure-6**.

### Outlook: Negative

The outlook continues to be 'Negative' considering the sustained pressure on its operating profitability leading to decline in surplus liquidity and increase in borrowings to fund the cash deficit. The subdued operating performance, if continues, is expected to exert pressure on the credit risk profile of the company.

The outlook may be revised to 'Stable' upon meaningful improvement in the operating profitability given various measures taken by the company, and its consequent positive impact on the debt coverage indicators and liquidity profile.

### Detailed description of key rating drivers:

#### Key strengths

#### Experienced promoters with established track record of ABP group

ABP has been in the business of publishing newspapers and magazines since 1922. Over a century, the group has evolved into a media conglomerate with various premier publications, electronic media ventures, book publishing and mobile-based information

<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.

services. The group is managed by a team of veteran professionals.

### **Diversified portfolio of newspapers, magazines and news channels**

With a strong legacy and reaching out to millions of viewers and readers, the ABP group has evolved into a media conglomerate having nine premier publications, one national news channel, and several regional news channels. The company is also disseminating news in different languages through presence on digital platforms such as web-portal (ABP Live), mobile application (ABP Live), and social media. Furthermore, subsidiary, ABP Creations Private Limited, which is engaged in the business of content creation for the digital platforms under the brand name of "ABP Studios", was launched in FY21 to diversify the revenue stream.

### **Strong position in print and electronic media segment albeit concentration of print media in Eastern India**

The newspapers and news channels enjoy a strong position in their respective genres. 'Ananda Bazar Patrika', is the leading Bengali daily in West Bengal having a daily circulation of 7.54 lakh copies in FY24 (8 lakh copies in FY23). However, the print media presence is mostly concentrated in Eastern India. In electronic media, ABP News (Hindi), ABP Ganga (UP & Uttarakhand), ABP Ananda (Bengali), ABP Ashmita (Gujrati), and ABP Majha (Marathi) are some of the news channels run by ABP Network Pvt. Ltd. (ANPL). All these properties are strong brands in the market that they operate in. The company has also launched ABP Desam and ABP Nadu on digital media. ANPL's digital arm has web portals (ABP News, ABP Ananda, ABP Majha, ABP Asmita, ABP Sanjha, ABP Ganga, ABP Live, ABP Network, ABP Nadu, and ABP Desam) in multiple regional languages such as Hindi, English, Marathi, Gujarati, Bengali, Punjabi, Tamil, and Telugu. For news-on-the-go, the company has a mobile application (ABP Live TV News) integrating all language sites. The company also broadcasts ABP News in UK, US, and Canada, and earns subscription revenue from the international market. Owing to its established position, the company is able to garner healthy advertisement revenue from a reputed client base over the years.

### **Improvement in consolidated financial performance in FY24 and 8MFY25, after witnessing subdued performance in FY23**

The revenue from print media remained stagnant y-o-y, while revenue from electronic media increased marginally by 4% y-o-y in FY24, thus leading to marginal improvement in consolidated TOI of ABP by ~2% y-o-y to ₹1,056 crore in FY24 (₹1,040 crore in FY23). Consolidated operating profitability improved in FY24, though remaining lower-than-envisaged, followed by significant improvement in 8MFY25, as a result of benefits emanating from lower newsprint prices and cost rationalisation measures undertaken in last two years. Operating margin, after remaining lower than 8% for FY23 and FY24, improved to 12.6% in 8MFY25. However, due to high capital charge, the company continued to incur net loss. Sustained improvement in profitability and debt coverage indicators would remain the key rating monitorables.

The profitability is expected to improve in FY25 and onwards compared to FY24 considering expected increase in advertisement rates and various cost cutting measures being undertaken by the company in terms of few permanent reduction in costs and some temporary, which is expected to lead improvement in profitability, going forward.

### **Stable industry outlook**

The media and entertainment (M&E) sector, being linked to the macro-economic environment, faced headwinds during FY23 amidst high inflation and interest rates. Despite headwinds faced and competition from digital platforms, the newspaper industry has been showing consistent recovery as print media continues to remain the most popular and trusted source of advertisement and credible news. While the demand for content continued to grow as consumers increasingly spent more time on media consumption, monetisation faced challenges on both advertising and subscription front.

The M&E sector is also exposed to regulatory risk. The recent ban on betting, crypto, and gaming advertisements by Advertisement Standard Council of India (ASCI) has impacted ad revenue of industry players. However, digital media will continue to be the leading driver of growth, whereas print and TV are expected to grow at a low single-digit rate and will continue to lose share in the overall pie. Accordingly, ANPL has started focusing on digital platforms. Nonetheless, upcoming state elections, Kumbh mela and established position of ABP's news channels in their respective genres and newspaper are expected to drive its revenue growth going forward.

### **Liquidity: Adequate**

Liquidity position witnessed temporary moderation marked by subdued profitability in FY23 and FY24 wherein the company met its liquidity needs by availing term loan (capital expenditure [capex] reimbursement), utilising working capital limits, and liquidation of high cost inventory. Cash and bank balance increased from ₹21 crore as on March 31, 2023 to ₹77.65 crore as on March 31, 2024 which was utilised in Q1FY25 towards rebuilding of inventory.

With the improvement in profitability witnessed in 8MFY25 and further improvement expected in the remaining four months of FY25, the company is expected to generate sufficient cash accruals in FY25 against debt repayment obligation of ₹17.25 crore, which it has majorly repaid.

Also, the company has a capital expenditure (capex) budget of ~₹30 crore to complete the Panagarh project for which the

company has plans to down term loan of ₹29.80 crore for the project. The average fund-based working capital limit utilisation (standalone) stood at 81% in the trailing 12-month period ended November 2024.

## Key weaknesses

### Deterioration in capital structure and debt protection metrics during FY24

During FY24, capital structure of the company (consolidated) deteriorated marked by an overall gearing of 1.22x as on March 31, 2024 against 0.90x as on March 31, 2023, on the back of increase in total debt mainly led by increase in working capital borrowings and term loan coupled with net losses incurred during FY24. The total working capital borrowings increased from ~₹135 crore as on March 31, 2023 to ~₹205 crore as on March 31, 2024 to fund the shortfall in accruals. Its debt coverage indicators witnessed significant moderation upon cash losses incurred in FY23 and FY24. The company has also extended Letter of Comfort (LoC) and shortfall undertaking for debt availed by its group companies. Considering the comforts extended, the adjusted overall gearing ratio moderated to 1.75x as on March 31, 2024, against 1.26x as on March 31, 2023.

CARE Ratings expects company to earn net profits and generate GCA of ~₹80 crore during FY25 leading to overall gearing of ~1.12x as on March 31, 2025.

Going forward, debt is expected to reduce due to scheduled repayments and low reliance on working capital borrowings with expected improvement in the revenue and profitability.

### Susceptibility of profitability to volatility in newsprint prices

The major raw material for ABP is NP, constituting over 90% of the total raw material cost. ABP procures over 75% of the NP from international suppliers with the balance from domestic suppliers. The NP prices decreased by 3.5% y-o-y to USD 752/MT in FY24 (FY23: USD 780/MT). Several factors which led to rise in NP prices in FY23 include rise in freight rates, rupee depreciation, fall in supplies following the ongoing Russia-Ukraine conflict, especially since Russia is one of the key global suppliers of NP. To ensure price affordability amidst readership base and competitive cover pricing across the industry, ABP was constrained to undertake significant hikes in cover prices to pass on the corresponding NP price rise.

Currently, NP price has decreased to ~USD 600/MT as indicated by the company's management. However, as the company already had high-cost inventory on its books, it did not receive benefit of lower newsprint prices in FY24. The reduction in NP prices will reduce the raw material cost for ABP, which in turn is expected to lead to improvement in its profitability in FY25.

ABP is also subjected to forex fluctuation risk on newsprint imports. However, the forex risk is partially mitigated as the company hedges its exposure at an opportune time. On a consolidated level, ABP incurred forex loss of ₹0.55 crore in FY24 against forex loss of ₹3.63 crore in FY23.

### Inherent high dependence on cyclical advertisement revenue

The growth in the revenue and profitability of the ABP group depend on the advertisement revenue which formed 83% of the total revenue (70% in print media & 99% in digital media) in FY24.

Advertisement revenue is directly linked to the growth of the economy and is inherently cyclical in nature. Furthermore, advertising spend on a particular channel/newspaper depends on its market reach and popularity it enjoys among the consumers. ABP has a strong regional focus, which helps it to compete effectively with its much larger competitors having national presence. Strong market position and large client base, from all the sectors, are also expected to contribute to its revenue growth going forward. Increasing literacy levels is helping to widen and extend the country's readership base; albeit challenges from growing digitalisation remain.

### Exposure to group companies

ABP has exposure to group companies in the form of loans and advances which constituted ~31% of the consolidated net worth of the company as on March 31, 2024, increasing from 24% as on March 31, 2023, largely owing to net losses incurred in FY24 and an incremental amount of ~₹11 crore provided as advance. The advances mainly pertain to advances extended for printing in normal course of business. Also, ABP has provided LoC and shortfall undertaking for bank facilities availed by KIPS Learning Private Limited and Headword Publishing Company Private Limited demonstrating support to the group entities. Any further increase in the exposure to group entities and its impact on ABP's credit profile remains a key rating monitorable.

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)  
[Consolidation](#)  
[Manufacturing Companies](#)

## About the company and industry

### Industry classification

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

ABP, one of the leading print media companies in Eastern India, was formed in 1922 with the launch of its four-pages Bengali daily - 'Ananda Bazar Patrika'. Currently, ABP's publication portfolio includes 'Ananda Bazar Patrika' (Bengali daily), 'The Telegraph' (English daily), TTIS, and other Bengali periodicals. ABP has state-of-the-art printing infrastructure under its group entity, Ananda Offset Pvt Ltd in Kolkata and Barasat, both in West Bengal (WB). Besides this, it has printing facilities in two other towns in WB – Barjora and Berhampur. ABP also has tie-ups with printers in Siliguri who execute printing orders per ABP's requirement. Besides print media, ABP also has presence in electronic media via its fully owned subsidiary, ANPL, which owns multiple news channels, among which 'ABP News' & 'ABP Ananda' are the flagship channels.

Brief Financials - Consolidated (₹ crore)	FY23 (A)	FY24(A)	8MFY25 (UA)
Total operating income	1039.69	1056.53	682.61
PBILDT	4.80	31.90	86.01
PAT / (Net loss)	-69.49	-62.34	NA
Overall gearing (times)	0.90	1.22	NA
Interest coverage (times)	0.16	0.88	3.16

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 facility:** Annexure-3

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

**Lender details:** Annexure-5

### Annexure-1: Details of facilities

Name of the facilities	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-Term Loan		-	-	31-12-2028	93.68	CARE A+; Negative
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	145.00	CARE A+; Negative / CARE A1
Non-fund-based-Short Term		-	-	-	49.00	CARE A1

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

Sr. No.	Name of the 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	Non-fund-based-Short Term	ST	49.00	CARE A1	-	1)CARE A1 (28-Feb-24)	1)CARE A1+ (06-Jan-23)	1)CARE A1+ (07-Jan-22)
2	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	145.00	CARE A+; Negative / CARE A1	-	1)CARE A+; Negative / CARE A1 (28-Feb-24)	1)CARE A+; Stable / CARE A1+ (06-Jan-23)	1)CARE A+; Stable / CARE A1+ (07-Jan-22)
3	Commercial Paper- Commercial Paper (Carved out)	ST	-	-	-	-	-	1)Withdrawn (31-Dec-21)
4	Fund-based - LT-Term Loan	LT	93.68	CARE A+; Negative	-	1)CARE A+; Negative (28-Feb-24)	1)CARE A+; Stable (06-Jan-23)	1)CARE A+; Stable (07-Jan-22)

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Non-fund-based-Short Term	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	ABP Network Private Limited	Full	100% subsidiary
2	ABP Eventures Private Limited	Full	100% subsidiary
3	Swarnakshar Prakasani Private Limited	Full	100% subsidiary
4	Windsor Software Private Limited	Full	100% subsidiary
5	ABP Creations Private Limited	Full	100% subsidiary of ABP Network Private Limited
6	ABP Eventures Bangladesh Private Limited	Full	100% subsidiary of ABP Eventures Private Limited

**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.

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### About us:

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