

**Aajkaal Publishers Private Limited**  
 December 23, 2020

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	10.04	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	11.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>21.04</b> <b>(Rs. Twenty-One Crore and Four Lakhs Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from **Aajkaal Publishers Private Limited (APPL)** to monitor the rating vide e-mail communications/letters dated December 07, 2020, December 09, 2020 and December 11, 2020 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, **APPL** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on **APPL's** bank facilities will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING** and **CARE A4; ISSUER NOT COOPERATING**. Further due diligence could not be conducted.

***Users of these ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.***

The revision in the rating takes in account the non-availability of requisite information due to non-cooperation by **APPL** with CARE'S efforts to undertake a review of the rating outstanding.

**Detailed description of the key rating drivers**

At the time of last rating in October 17, 2019 the following were the rating weaknesses and strengths (Updated the information available from Ministry of Corporate Affairs).

**Key Rating Weaknesses**

**Average financial risk profile:** The scale of operations of the company remained relatively small marked by total operating income of Rs.46.06 crore with a PAT of Rs.0.23 crore in FY19. Further, the net worth base and total capital employed also remained low at Rs.1.23 crore and Rs.11.92 crore, respectively, as on March 31, 2019. The profitability margins of the company remained low marked by PBILDT margin of 5.20% (6.11% in FY18) and PAT margin of 0.50% (0.43% in FY17) in FY19.

The capital structure of the company remained leveraged owing to its working capital intensive nature of operations resulting in its higher dependence on bank borrowings. However, the overall gearing ratio improved as on March 31, 2019 to 8.70x as against 11.27x as on March 31, 2018. The debt coverage indicators remained moderate marked by interest coverage of 1.84x (0.1.73x in FY18) and total debt to GCA of 11.02x (110.94x in FY18) in FY19.

**Volatility in newsprint prices:** The major raw material for APPL is newsprint constituting about 49.47% of the total raw material expenses in FY18. APPL procures newsprint from the domestic as well as international suppliers. The share of imported newsprint was about 91.21% in FY18 (FY17: 91.21%). The prices of imported newsprint remain highly volatile. Domestic newsprint prices are also influenced by international newsprint prices. Currently, APPL is procuring the same at USD 954.45/- tonne with Rs.2800 per tonne as clearing charges from dock. As the majority raw material is imported, APPL is subjected to forex fluctuation risk. However, the forex risk is partially mitigated as the company takes forward cover at an opportune time (between the transaction date and date of receipt/payment).

**Regional concentration risk:** APPL is a regional player with more than 70% of its revenue being derived from West Bengal, Tripura and Assam enunciating its limited geographical presence. Furthermore, APPL is engaged in the publication of single language (Bengali) newspaper and magazines and consequently it mainly caters to some part of eastern India only.

**Working capital intensive nature of business:** APPL's business, being publication of newspaper dailies and magazines is working capital intensive and the company maintains adequate inventory of raw materials for smooth running of its production process and to mitigate price fluctuation risk. The average collection remained high as on the last three account closing dates primarily on the back of the company's strategy to provide higher credit period for advertisements, which mainly comprises for West Bengal Government and Central Government, to attract them and to retain them on the back of increasing competition. Moreover, the average creditor's period was on the higher side during last three years which mitigates its working capital to a certain extent. However, the management is trying to recover the amount but there is also some probability that a certain portion of the outstanding amount might remain unrecovered and might turn into bad debt thereby affecting the profitability of APPL in future.

**Competitive and fragmented nature of the industry:** The paper and magazine printing industry is fragmented with a large number of small to medium scale organized and unorganized players owing to low entry barriers with no visible differentiators in product profile. APPL faces stiff competition not only from other established Bengali daily's like "The Anandabazar Patrika", "Bartaman", "Sangbad Pratidin", "Ganashakti" etc. but also from newly launched Bengali daily's like "Ei Samay", "Sambad Akhon", "Ebela" etc. Hence the players in the industry do not have any pricing power and are exposed to competition limits the scope for margin expansion.

#### Key Rating Strengths

**Experienced promoters and long track record of operations:** APPL is into business of publication of newspaper dailies and magazines since 1981 and thus has around four decades of track record of operations. Over four decades, the company has evolved into a print media conglomerate with various premier publications and magazine publishing. Moreover, the key director Mr. Tapan Kumar Ghosh has more than four decade of experience in the same line of business looks after the day to day operations of the company supported by other director's, editors, reporters and a team of experienced professionals.

**Favourable demand outlook for printing daily newspapers:** In the long term, the overall newsprint market is expected to grow on the back of increasing advertisement revenue, print penetration and reach especially in tier II and tier III cities, supported by favorable demographics, increasing purchasing power and growth in literacy level.

**Analytical approach:** Standalone.

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch](#)

[CARE's Policy on Default Recognition](#)

[CARE's Policy on Liquidity Analysis](#)

[Financial ratios – Non-Financial Sector](#)

#### About the Company

Aajkaal Publishers Private Limited (APPL) was incorporated in September 1979 to carry out the business of publishing news dailies to provide readers with news, views and other forms of information and knowledge. It is the second oldest surviving Bengali daily based out of West Bengal. APPL is primarily engaged in publishing Bengali news daily in the name of "Aajkaal" apart from other publications and magazines in diversified areas of interests attracting readers of different genre and tastes covering states like West Bengal, Siliguri, Tripura, Assam, Delhi and Mumbai. The different magazines published by APPL include "Khela", "Susthyo" and "Safar". The company has three news printing units located at Kolkata, Siliguri and Agartala having a total installed capacity of 30000 copies per hour. 'Aajkaal' is the second leading Bengali daily in India having an average daily circulation of 190000 copies during the period from January 2018 to June 2018.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	45.75	46.06
PBILDT	2.80	2.40
PAT	0.20	0.23
Overall gearing (times)	11.27	8.70
Interest coverage (times)	1.73	1.84

A: Audited;

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

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	Dec 2023	2.04	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-ILC/FLC	-	-	-	11.00	CARE A4; ISSUER NOT COOPERATING*

*\*Issuer did not cooperate; Based on best available information*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Oct-19)	1)CARE B+; Stable (31-Aug-18)	-
2.	Fund-based - LT-Term Loan	LT	2.04	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Oct-19)	1)CARE B+; Stable (31-Aug-18)	-
3.	Non-fund-based - ST-ILC/FLC	ST	11.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (17-Oct-19)	1)CARE A4 (31-Aug-18)	-

*\*Issuer did not cooperate; Based on best available information*

**Annexure 3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company:**

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-ILC/FLC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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