April 28, 2025

ARG Outlier Media Private Limited: Rating reaffirmed at [ICRA]BB+ (Stable) and removed from Issuer Non-Cooperating Category

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Cash credit	40.00	55.00	[ICRA]BB+ (Stable); reaffirmed and removed from Issuer Not Cooperating category
Long-term fund-based – Term loan	95.00	75.54	[ICRA]BB+ (Stable); reaffirmed and removed from Issuer Not Cooperating category
Long-term - Non-fund based - Others	5.00	0.00	-
Total	**140.00**	**130.54**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for ARG Outlier Media News Private Limited (AOMPL) factors in the continued strong market position of three (out of four) of its news channels in their respective addressable segments, leading to competitive advertising yields and inventory utilisation. The market share of the recently launched fourth channel (in September 2023) – R. Kannada – is expected to gradually improve. The rating continues to take comfort from the healthy scale of operations, which has increased at a CAGR of 8.1% over the past five-year period, with YoY growth of 13% in FY2024. The operating margin though, has reduced to 10.0% in FY2024 from 13.4% in FY2023, on account of an increase in employee and selling expenses. The leverage and coverage metrics also moderated during FY2024 with an increase in the company's debt levels due to its ongoing capex cycle (for construction of its own studio and office space in Noida), reflected in TOL/TNW at 3.3 times (FY2023: 1.5 times), TD/OPBDITA increasing to 3.5 times (FY2023: 1.6 times) and interest cover at 6.5 times (FY2023: 6.9 times). Nevertheless, ICRA expects continued growth in revenues, driven by the strong market position of the company's news channels and its digital media vertical, along with a recovery in margins. The margin recovery is expected following the completion of the capex cycle, which will lead to a substantial reduction in the outgo on rent paid for leasing studio and office spaces. Consequently, the leverage and coverage metrics are expected to gradually improve, due to a sequential reduction in total debt levels. The company's ability to scale-up operations and improve its yields/profitability, remains a key monitorable. The rating also continues to factor in the company's experienced management, which includes Mr. Arnab Goswami (MD and Editor-in-Chief), who has over two decades of experience in the television news broadcasting industry.

The rating is, however, constrained by the company's stretched liquidity position, with limited cash balances of Rs. 3.4 crore as on March 31, 2025, and buffer in working capital limits (utilisation of Rs. 54.2 crore as on April 10, 2025, against sanctioned limits of Rs. 55.0 crore). Against this, the company has sizeable debt repayments of Rs. 20.9 crore in FY2026, which will have to be met through operational cash flows and will require a prudent management of the working capital cycle. AOMPL's revenues are primarily dependent on advertisement revenues, as its product profile comprises free-to-air (FTA) channels. The rating, thus, factors in the risks inherent in the media and entertainment industry in terms of vulnerability to cyclicality in advertisement spends by corporates and the intense competition in the news broadcasting space. Further, the rating is also constrained due to AOMPL's elongated receivable cycle. ICRA notes that the company is exposed to key man risks, with Mr. Arnab Goswami being a major pull factor for driving the overall viewership and, thus, the advertisement revenues of the English news channel (Republic TV). Nonetheless, comfort can be drawn from AOMPL's diversified advertisers' profile and the strong market position of its channels. Given the nature of the industry, the company remains exposed to lawsuits alleging defamation/misrepresentation of facts. The impact of these lawsuits on its credit profile will be assessed on a case-to-case basis.

The Stable outlook reflects ICRA's opinion that AOMPL will continue to maintain its healthy market position supporting its revenue and advertisement yields, coupled with an improvement in margins.

Key rating drivers and their description

Credit strengths

Strong market position of news channels – The company has a strong market position for three (out of four) of its news channels in their respective addressable segments, leading to competitive advertising yields and inventory utilisation. According to viewership ratings by the BARC for WK 53'24, Republic TV has been ranked as the highest-rated English news channel with a market share of ~33%[1] in prime-time. R. Bharat has also occupied a strong position in the Hindi news genre and ranks among the top three channels with a market share of ~11%[2]. In the Bengali news genre, R. Bangla has been able to ramp-up its viewership and ranks 3rd with ~20%[3] market share. The fourth channel, R. Kannada has a market share of 9%[4]; however, this is expected to gradually improve. The improvement in advertisement yields, owing to the channels' strong market position, will support revenue growth going forward.

Experienced management – AOMPL's promoter and senior management have significant experience in TV broadcasting. The company is promoted and managed by Mr. Arnab Goswami, Managing Director and Editor-in-Chief, who has over two decades of experience in the television news broadcasting industry.

Credit challenges

Elongated receivable cycle and stretched liquidity position – The company's receivable cycle remains elongated with estimated debtor days of 131 as on March 31, 2024, against 129 as on March 31, 2023, resulting in high gross operating cycle. The company is managing the same by aligning its creditors days and through customer advances. However, the realisation risk is mitigated to an extent, as there is no substantial reliance on any single debtor. Further the liquidity position of the company is stretched with limited cash balances of Rs. 3.4 crore as on March 31, 2025, and minimal buffer in fund-based limits (utilisation of ~Rs. 54.2 crore of total sanctioned limits of Rs. 55.0 crore as on April 10, 2025), against which it has sizeable repayment obligations of Rs. 20.9 crore in FY2026.

High dependence on volatile advertisement revenues – With FTA channels in its product profile, AOMPL's revenue profile is dominated by advertisement revenues, which accounted for ~85% and ~87% of its FY2024 and FY2023 revenues, respectively. It faces inherent risks in the TV broadcasting industry in terms of vulnerability to cyclicality in advertisement spends by the corporates and rising competition, with an increase in the total number of channels in the TV broadcasting space. Nonetheless, some comfort can be drawn from AOMPL's diversified advertiser profile and the strong market position of its news channels in their respective addressable segments. Given the shifting consumer preference towards digital platform, the company is also focussing on the digital segment, which is expected to witness strong growth in the near term with increasing smart TV and smartphone penetration.

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[1] *Source: BARC | WK 53'24| India | NCCS All 15+*

[2] *Source: BARC | WK 53'24| HSM | NCCS AB M 22+*

[3] *Source: BARC | WK 53'24| WB | NCCS B Male 22+*

[4] *Source: BARC | WK 53'24| Karnataka| NCCS AB Male 22-30*

Exposed to key man risks – The company is exposed to key man risks, with Mr. Arnab Goswami being a major pull factor driving the overall viewership and, thus, the advertisement revenues. The market position of the channel and hence, its revenues may fall, in case of any decline in the popularity of Mr. Goswami.

Liquidity position: Stretched

The company's liquidity position is stretched, owing to the limited cash balances of Rs. 3.4 crore as on March 31, 2025, coupled with near-full utilisation of working capital limits. Against this, while the company has limited capex requirements over the near term, it has repayment obligation of Rs. 20.9 crore in FY2026, which is likely to be funded from internal cash generation. The company's ability to manage working capital, hence remains a key rating monitorable.

Rating sensitivities

Positive factors – The rating could be upgraded, if the company demonstrates a significant rise in scale, coupled with healthy profitability, leading to a material improvement in the liquidity position and coverage metrics.

Negative factors – AOMPL's rating may be downgraded, if there is a material weakening in the company's debt protection metrics due to deterioration of operating performance and/or working capital cycle or any large debt-funded capex/ investments. Any adverse impact of lawsuits/litigations on the company's debt protection metrics will also be a key rating sensitivity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology TV Broadcasting
Parent/Group support	NA
Consolidation/Standalone	ICRA has considered the consolidated financials of ARG Outlier Media Private Limited and its wholly-owned subsidiary SARG Global Digital Private Limited.

About the company

Incorporated in August 2016, ARG currently operates four free-to-air (FTA) news channels, Republic TV, R Bharat, R Bangla and Republic Kannada. Republic TV is an English news channel, operational since May 6, 2017, and R Bharat is in Hindi, which was launched on February 3, 2019. Later, the company launched a Bengali news channel, R Bangla, on March 07, 2021. On September 22, 2023, the company launched a new channel called Republic Kannada, a Kannada news channel. The company also has one wholly-owned subsidiary, SARG Global Digital Private Limited, which runs and operates the website- www.republicworld.com and mobile application-R.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	350.7	395.0
PAT	19.0	9.8
OPBDIT/OI	13.4%	10.0%
PAT/OI	5.4%	2.5%
Total outside liabilities/Tangible net worth (times)	1.5	3.3
Total debt/OPBDIT (times)	1.6	3.5
Interest coverage (times)	6.9	6.5

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

<table>
<tr><th rowspan="3" colspan="2">Instrument</th><th colspan="3">Current rating (FY2026)</th><th colspan="4">Chronology of Rating History for the past 3 years</th></tr>
<tr><th rowspan="2">Type</th><th rowspan="2">Amount rated (Rs. crore)</th><th rowspan="2">Apr 25, 2025</th><th colspan="2">Date & rating in FY2025</th><th>Date & rating in FY2024</th><th>Date & rating in FY2023</th></tr>
<tr><th>Dec 27, 2024</th><th>Aug 07, 2024</th><th>Jun 16, 2023</th><th>--</th></tr>
<tr><td>1</td><td>Fund Based-Cash Credit</td><td>Long term</td><td>55.00</td><td>[ICRA]BB+ (Stable)</td><td>[ICRA]BB+ (Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB(Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB (Stable)</td><td>--</td></tr>
<tr><td>2</td><td>Non-Fund Based-Others</td><td>Long term</td><td>--</td><td>--</td><td>[ICRA]BB+ (Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB(Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB (Stable)</td><td>--</td></tr>
<tr><td>3</td><td>Fund Based-Term Loan</td><td>Long term</td><td>75.54</td><td>[ICRA]BB+ (Stable)</td><td>[ICRA]BB+ (Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB(Stable); ISSUER NOT COOPERATING</td><td>[ICRA]BBB (Stable)</td><td>--</td></tr>
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Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash Credit	Simple
Long-term fund based – Term loan	Simple

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	**Fund Based-Cash Credit**	NA	NA	NA	55.00	[ICRA]BB+ (Stable)
NA	**Fund Based-Term Loan**	Dec 30, 2022 & Feb 02, 2023	NA	FY2029	75.54	[ICRA]BB+ (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

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

Company Name	Ownership	Consolidation Approach
SARG Global Digital Private Limited	100.00%	Full Consolidation

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ABOUT ICRA LIMITED

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