APRIL 25, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF TV VISION LIMITED

Ratings

Facilities@	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	23.36	**CARE BBB(SO) [Triple B (Structured Obligation)]**	Reaffirmed
Total Facilities	**23.36 (Rupees Twenty Three crore and Thirty Six lakh only)**		

@The facilities are backed by joint and several guarantee extended by parent company Sri Adhikari Brothers Television Network Ltd (SABTNL, rated CARE BBB), group company i.e. Westwind Realtors Private Limited and promoters

Rating Rationale

The rating assigned to the bank facilities of TVVL is not a standalone rating and is based on the credit enhancement in the form of corporate guarantee provided by the parent company SABTNL.

Rating Rationale of SABTNL (guarantor)

The ratings assigned to the bank facilities of Sri Adhikari Brothers Television Network Ltd. (SABTNL) continues to derive strength from the established track record of the promoters in the Media & Entertainment (M&E) industry, sustained profitability from content syndication business, and improvement in profitability margins of broadcasting business with reduction in carriage fee and increased monetization opportunity with arrangement of programming content on Regional General Entertainment Channels (R-GECs) within the group.

The above strengths continue to be partially offset by moderate scale of operations, recurring investment required with respect to content creation/acquisition, vulnerability of advertisement revenue to various factors including the level of economic activity, corporate advertisement budget etc. Furthermore, the ratings are also constraint by intense competition in the music channel genre/regional general entertainment channel space, long receivables cycle and sizeable debt repayment in the near term.

Ability of company to further scale up operations, maintain capital structure below unity and achieve timely breakeven of new channels launched constitute the key rating sensitivities.

Analytical Approach

For arriving at the ratings, CARE has combined the business and financial risk profiles of SABTNL and its subsidiaries. There is fungibility of cash flow across group companies and further SABTNL has extended corporate guarantee for the debt raised by the group companies i.e. HHP Broadcasting Services Pvt Ltd, TV Vision Ltd.

Background

TVVL, a wholly owned subsidiary of SABTNL launched a music and comedy channel viz. "Mastiii" in July, 2010. The commercial operation of the channel began from September, 2010. SABTNL, incorporated in 1994, was promoted by Mr Gautam Adhikari and Mr Markand Adhikari (Sri Adhikari Brothers). It is engaged in the business of content production and syndication in India since 1990s. At present, the group operates in two segments i.e. (i) content production and distribution/syndication and (ii) broadcasting. SABTNL operates music channel “Mastiii” and R-GECs such as “Dabangg”, “Dhamaal”, “Maiboli” though its subsidiaries and step-down subsidiaries.
During FY15 (refers to the period April 1 to March 31), TVVL reported a total income of Rs.66.05 crore and PAT of Rs.3.38 crore as compared to total income of Rs.58.58 crore and PAT of Rs.2.49 crore in FY14.

About the Guarantor (SABTNL)

SABTNL, incorporated in 1994, was promoted by Mr Gautam Adhikari and Mr Markand Adhikari (Sri Adhikari Brothers). The group is engaged in the business of content production and syndication in India since 1990s. At present, the group

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

operates in two segments i e (i) content production and distribution/syndication and (ii) broadcasting. SABTNL operates music channel “Mastiii” and R-GECs such as “Dabangg”, “Dhamaal”, “Maiboli”, “Dillagi” through its subsidiaries, step-down subsidiaries and associate.

On a consolidated basis, SABTNL reported a total income of Rs.248.90 crore and PAT of Rs.9.27 crore during FY15 (refers to the period April 1 to March 31) as compared to total income of Rs.179.70 crore and PAT of Rs.4.83 crore during FY14.

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****For detailedRationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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