



Rating Rationale

Asianet News Network Pvt Ltd

13 Dec 2018

Brickwork Ratings reaffirms/assigns the ratings for the Bank Loan Facilities of Rs. 76.00 Crs of Asianet News Network Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2017)	Present
Fund Based	32.27	76.00	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable (Reaffirmed)
Non Fund Based	-	(30.00)	Short Term	-	BWR A3 (Pronounced as BWR A Three) (Assigned)
Total	32.27	76.00	Rupees Seventy Six Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

BWR has reaffirmed the long term rating at BWR BBB with stable outlook and assigned short term rating at BWR A3 for the Bank facilities of Rs. 76.00 Crs of Asianet News Network Private Limited ('ANNPL' or the 'Company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials from FY16 to FY18, projected financials for FY19 and FY20, publicly available information and information/clarification provided by the company's management.

The rating continues to factors inter alia, established brand position of ANNPL in regional news broadcasting industry, letter of comfort from Jupiter Capital Pvt Ltd. However the rating is constrained by moderate scale of operations, high dependence on advertising revenue which may get affected in economic downturn and intense competition.

Going forward, the ability to improve market share amid intense competition, and profitability would be key rating sensitivities.

Description of Key Rating Drivers



- **Established regional market position:** Asianet News Network Pvt Ltd (ANNPL) continues to operate two news channels – Asianet News and Suvarna News. Asianet News is a news channel in Kerala, has increased its market share to ~40% in FY18. The channel also has a dominant presence in the Middle East owing to the large Malayalam speak Indian diaspora. Suvarna News is the news channel in Karnataka, has increased its market share to 14% in FY18.
- **Healthy Networth and backing by parent company:** ANNPL has healthy networth of Rs. 87.72 Crs as on 31st March 2018 with continued backing of Jupiter Capital Pvt Ltd in the form of Letter of Comfort which will ensure stability at the company.
- **Large exposure in terms of strategic investment in subsidiary:** The company has extended its support to Kannada Prabha Publications Ltd (KPPL) in the form of loan and advances to support the operations of KPPL and to derive anticipated benefits. However, the ability of the company to derive satisfactory benefits from the investment would be crucial with respect to credit perspective.
- **High dependence on advertisement revenue:** The company's major source of income is through advertisements, with Asianet news contributing to majority of advertisement revenue in Kerala followed by Suvarna News in Karnataka. However, the company is also expanding in other platforms.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Asianet News Network Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:

Asianet News Network Pvt Ltd (ANNPL) has been incorporated in 2008. The company is a subsidiary of Jupiter Capital Pvt Ltd, which is owned and promoted by Mr. Rajeev Chandrasekhar. ANNPL owns and operates two regional news channels, namely - Asianet News and Suvarna News.

Company Financial Performance

In FY18, total operating income and PAT stood at Rs. 112.78 Crs and 12.91 Crs respectively as compared to total operating income and PAT of Rs. 94.16 Crs and 2.65 Crs respectively in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	26 Dec 2017	21 Oct 2016	2015
1	Fund Based	Long Term	76.00	BWR BBB (Outlook: Stable) (Reaffirmed)	BWR BBB (Outlook: Stable) (Reaffirmed)	BWR BBB- (Outlook: Stable) (Assigned)	NA
2	Non Fund Based	Short Term	(30.00)	BWR A3 (Assigned)	NA	NA	NA
	Total		76.00	Rupees Seventy Crores Only			

Status of non-cooperation with previous CRA - NA

Key Financial Indicators

Key Parameters	Units	2017	2018
		Audited	Audited
Total Operating Income	Crores	94.16	112.78
EBITDA	Crores	9.94	22.97
PAT	Crores	2.65	12.91
Tangible Net worth	Crores	74.62	87.72
Total Debt/Tangible Net worth	Times	0.65	0.51
Current Ratio	Times	1.35	1.75

Annexure - I

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2017)	Present
Fund Based					
Cash Credit	21.00	-	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) (Reaffirmation)
Term Loan	11.27	-			
Cash credit	-	18.00		-	
Sub Limit of CC_Foreign Currency Working Capital	-	(18.00)			
Term Loan	-	58.00			
Sub Limit of CC_Foreign Currency Working Capital Term loan	-	(58.00)			
Non Fund Based					
Sub Limit of TL_LC (Import/Inland)	-	(25.00)	Short Term	-	BWR A3 (Pronounced as BWR A Three) (Assigned)
Sub Limit of CC_Bank Guarantee	-	(5.00)			
Total	32.27	76.00	Rupees Seventy Six Crores Only		

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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