

## Rating Rationale

### Brickwork Ratings assigns 'BWR BBB-' for the long term bank loan facilities aggregating ₹ 34.90 Cr of Asianet News Network Pvt Ltd. (ANNPL)

Brickwork Ratings (BWR) assigns the following **Ratings**<sup>1</sup> for the Bank Loan facilities availed by Asianet News Network Pvt Ltd from State Bank of Travancore.

|            | Facility     | Total limit<br>(₹ Cr) | Tenure  | Rating   |
|------------|--------------|-----------------------|---|--|
| Fund Based | Cash Credit  | 15.00                 | Long<br>Term  | <b>BWR BBB-</b><br><b>(Pronounced as Triple B Minus)</b><br><b>(Outlook: Stable)</b> |
|            | Term Loan    | 19.90                 |   |  |
|            | <b>Total</b> | <b>34.90</b>          | <b>INR Thirty Four Crores &amp; Ninety Lakhs only</b> |  |

BWR has essentially relied upon audited financials up to FY15, provisional financials up to September 2017, publicly available information and information/clarification provided by the management.

The rating, inter alia, has factored in the promoters' extensive business experience of more than two decades, Asianet News' position as a market leader in Malayalam news, strong operational cash flows and continued support from its holding company, Jupiter Capital Pvt Ltd. However the rating is constrained by high level of lending of funds to subsidiary and intense competition in the regional news industry.

#### Background:

Asianet News Network is a private limited company incorporated in 2008. The company is a subsidiary of Jupiter Capital Pvt Ltd, which is owned and promoted by Mr. Rajeev Chandrashekar. ANNPL owns and operates two regional news channels, namely - Asianet News and Suvarna News. Asianet News is a leader in the Malayalam news industry that has been in existence around 20 years while Suvarna News is relatively new and serves the Kannada audience. The company has a subsidiary - Kannada Prabha Publications, which is a regional news publication.

#### Management:

ANNPL is a subsidiary of Jupiter Capital Pvt Ltd which is promoted by Rajeev Chandrashekar. The board consists of Ravinarayan Sampath, Mathvanpillai Sivaram and Amit Gupta who have vast business experience and expertise.

#### Financial Performance:

The company posted a revenue of Rs. 86.70 Crs in FY 15 as against Rs. 72.86 Crs in FY 14, showing an increase of ~19%. They reported a net profit of 0.88 Crs and a net worth of Rs. 69.42 Crs for FY15.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

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**Rating Outlook:**

The Rating outlook is expected to be stable in the near term. Going forward, the ability to consistently improve net margins and execute its strategic expansion plans are the key rating sensitivities.

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