



Rating Rationale

Raj Television Network Limited

6 Mar 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Raj Television Network Limited (RTNL)

Particulars

| Facility | Previous Amount (₹ Crs) | Present Amount (₹ Crs) | Tenure | Previous Rating (June,2017) | Rating* |
|--------------|-------------------------|------------------------|-------------------------------|--|---|
| Fund Based | 35.00 | 30.00 | Long Term | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable) | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook:Stable) (Reaffirmed) |
| Total | 35.00 | 30.00 | INR Thirty Crores Only | | |

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon Raj Television Network Limited's audited financial results up to FY18, provisional financials of Q3FY19, projected financials up to FY21, publicly available information and the information/clarifications provided by the Company.

The ratings reaffirmation, inter alia, factors improved business performance & improved EBITDA in FY18 as compared to FY17, experience of the promoters in the industry, three decade long presence of the company in South Indian television industry, recent acquisition of movie rights which gives better revenue visibility in the near future and good presence and connectivity in South India and Middle East countries.

The ratings, however, constrained by moderate scale of business, working capital intensive nature of business, and intense competition from other regional broadcasters.



Description of Key Rating Drivers

- **Credit Strengths:**
- **Promoter's Experience:** The promoter of the company have experience of more than three decades in South Indian Television market. This has helped the company to expand its network in major part of Southern India
- **In-house facilities:** The company has well equipped in house production facilities and most of the TV content is produced in house.
- **Capital structure:** The company has comfortable D/E ratio of 0.53x as on FY18.
- **Coverage indicators:** Due to improved profit margins, ISCR improved to 1.90x in FY18 as compared to 1.57x in FY17.

- **Credit Risks:**
- **Existing competition:** The company faces stiff competition from well established broadcaster in Southern India. This forces the company to operate at a very competitive margin.
- **Advertising revenue:** The company relies more on advertising revenue for the functioning of the channel.

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 **Raj Television Network Limited** 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

Raj Television Network Limited (RTNL) is one of the largest Tamil television and broadcasting company in southern region. The Company incorporated in 1994, broadcasts thirteen channels presently in various southern languages. Raj TV, its flagship television channel launched in 1994 was the first general entertainment channel of the Company. Besides Raj TV, the Company promotes Raj digital plus, an exclusive movie channel, three Raj Musix, Music Channels, one in each southern regional languages and three 24X7 News Channel. RTNL is listed on both NSE & BSE.



Company Financial Performance

As per audited financials of FY18 RTNL achieved TOI of Rs. 61.57 Crores as against TOI of Rs. 61.21 Crores in FY17. The company was able to improve its EBITDA margin in FY18. EBITDA margin for FY18 stood at 16.79% as against 12.36% in FY17. Net profit margin stood at -2.23% in FY18 as compared to -7.82% in FY17.

Rating History for the last three years

| S.No | Instrument /Facility | Current Rating | | | Rating History | | |
|------|-----------------------|------------------------------|----------------|---|--|---|------|
| | | Type (Long Term/ Short Term) | Amount (₹ Crs) | Rating | 13 June 2017 | FY16 | FY15 |
| | Fund Based | | | | | | |
| 1. | Cash Credit | Long Term | 10.00 | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable) (Reaffirmed) | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable) | BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) | - |
| 2. | Corporate Loan | Long Term | 20.00 | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable) (Reaffirmed) | BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable) | BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) | - |
| | Total | | 30.00 | ₹ Thirty Crores Only | | | |

Key Financial Indicators

| Key Parameters | Units | 2018 | 2017 |
|-------------------------------|-------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | ₹ Cr | 61.57 | 61.21 |
| EBITDA | ₹ Cr | 10.34 | 7.56 |
| PAT | ₹ Cr | (1.37) | (4.78) |
| Tangible Net worth | ₹ Cr | 79.82 | 81.77 |
| Total Debt/Tangible Net worth | Times | 0.53 | 0.50 |
| Current Ratio | Times | 2.23 | 2.71 |

Hyperlink/Reference to applicable Criteria

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

| Analytical Contacts | Media |
|--|--|
| <i>Ravindra Kumar</i> <i>Director-Ratings</i> | media@brickworkratings.com |
| analyst@brickworkratings.com | Relationship Contact |
| | bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |

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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