

CARE/HO/RL/2017-18/2597

Shri Markand Adhikari
Managing Director
TV Vision Limited (TVL)
Adhikari Chambers,
Oberoi Complex,
New Link Road, Andheri(West),
Mumbai-400053

September 21, 2017

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY17 audited and Q1FY18 (provisional), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities – Term Loan	24.39	CARE D [Single D]	Revised from CARE BBB- (SO); Stable [Triple B Minus; Outlook: Stable]
Total Facilities	24.39 (Rs. Twenty four Crore Thirty-Nine lakh only)		

2. Refer **Annexure 1** for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 21, 2017, we will proceed on the basis that you have no any comments to offer.

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CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

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4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Ankita


Thanking you,



[Hariprasad]
Dy. Manager
hariprasad.j@careratings.com

Yours faithfully,



[Ankita Sehgal]
Senior Manager
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Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Rupee term loans

Sr. No.	Lender	Rated Amount (Rs. Crore)	Remarks	Debt repayment terms
1.	Indian Overseas Bank	9.88	Outstanding as on February 28, 2017	Repayment ending in FY20
2.	Canara Bank	2.70		Repayment ending in FY18
3.	Indian Overseas Bank	10.01		Repayment ending in FY18
4.	Central Bank of India	1.80		Repayment ending in FY18
	Total	24.39		

Total long-term facilities : Rs.24.39 crore



TV Vision Limited (TVL)
September 21, 2017

Ratings

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Details of instruments/facilities in Annexure-1

Detailed Rating Rationale and Key rating drivers

The rating revision takes into account the ongoing delay in servicing debt obligations of TVL along with deterioration credit profile of the guarantor Sri Adhikari Brothers Television Network Limited (SABTNL; rated CARE D). The delays are primarily on account of slowdown in business performance and stretched receivable days resulting in deterioration of liquidity position of the company. The companies also withheld information regarding delay in servicing of bank facilities and continued to provide No Default Statements confirming timely repayment of dues with the banks.

Detailed description of the key rating drivers

Key Rating Weakness

Ongoing Delay in debt servicing of the guarantor and TVL:

There has been ongoing delay in servicing the principal and interest obligations of TVL and its guarantor, SABTNL. The same is on account of stretched debtors days. The low business performance combined with elongated working capital cycle has led to weak liquidity position. The cash generation from the business has not been up to the level to meet with the repayment of interest and the principal amount of the huge debt taken for the business primarily for content acquisition.

Deterioration in the capital structure of the group:

The Company has term loans outstanding resulting in high debt repayment obligations. The group has substantial debt a repayment starting from FY17. This is because of the skewed debt profile with significant repayment obligations in the initial years compared to the uneven revenue generation. The revenue generated from the content produced/acquired happen over a longer time horizon compared to the repayment tenure of the debt facilities taken by the company.

Key Rating Strengths

Established track record of the promoters:

The promoters, Sri Adhikari Brothers – considered amongst the pioneers in India's television-based entertainment industry, have an experience of more than 30 years in media and entertainment industry (M&E). The promoters of SABTNL were involved in the content production for the channels such as 'Doordarshan', 'ZEE TV' for popular shows in the comedy and thriller genre. The promoters launched a Hindi general entertainment channel (GEC) "SAB TV" in 2000 which was subsequently sold to a group company of "Sony" in 2005. Sri Adhikari Brothers are involved in the strategic and business development for SABTNL and launched five channels over FY10-FY14 through wholly owned subsidiaries and step-down subsidiaries (now Group Company). Besides, the promoters are supported by a management team, possessing an experience of more than a decade in the M&E industry

Analytical approach: Standalone basis

Applicable Criteria:**Criteria on assigning Outlook to Credit Ratings****CARE's Policy on Default Recognition****Rating Methodology - Service Sector Companies****Financial ratios - Non-Financial sector****Background:**

Sri Adhikari Brothers Television Network Limited (SABTNL), incorporated in 1994, was promoted by Mr. Gautam Adhikari and Mr. Markand Adhikari (Sri Adhikari Brothers). The company was listed on bourses in 1995. It is in the business of content production and syndication in India since 1990s. The company launched a Hindi general entertainment channel (GEC) "SAB TV" in 2000 which was subsequently sold to a group company of Sony TV in 2005.

TV Vision Ltd (TVVL; earlier a wos of SABTNL) is engaged in the business of broadcasting. The company has channels like Mastiii, Dabangg, Maiboli, Dhamaal and Dillagi. Mastiii is music channel for pan India. Dabangg and Dhamaal are R-GECs catering to the Hindi speaking belt of Bihar, Uttar Pradesh and Jharkhand and Gujarat respectively. Maiboli is a regional Marathi channel for Maharashtra while Dillagi is a dedicated TV channel for small towns and villages of India.

At present, the group operates in two major segments i.e. (i) content production and distribution/syndication and (ii) broadcasting.

Brief Financials (Rs. crore)	FY17 (A)	FY16 (A)
Total operating income	175.59	85.99
PBILDT	50.50	22.40
PAT	8.24	4.51
Overall gearing (times)	0.99	0.51
Interest coverage (times)	2.94	5.63

Status of non-cooperation with previous CRA: Not Applicable**Any other information:** Not Applicable**Rating History for last three years:** Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return

expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	FY20	24.39	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	24.39	CARE D	1)CARE BBB-(SO); Stable (20-Apr-17)	1)CARE BBB (SO) (25-Apr-16)	1)CARE BBB (SO) (10-Apr-15)	1)CARE BBB-(SO) (12-May-14)