

30.06.2021/RTNL

To Corporate Relationship Department, BSE Limited P. J. Towers, Dalal Street, Mumbai - 400 001 BSE Scrip Code: <b>532826</b>	To Corporate Listing Department, National Stock Exchange of India Ltd Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Mumbai - 400 051 NSE Symbol: <b>RAJTV</b>
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Dear Sir /Madam,

**Subject: Announcement under Regulation 30 (LODR)-Credit Rating**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, we wish to intimate you that External Credit Rating Agency M/s. **Brickwork Ratings** has re-affirmed its ratings and the outlook has been upgraded to stable.

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous	Present
				(15 Jun 2020)	
Fund Based	30	35.62	Long Term	<b>BWR BB/INC</b>	<b>BWR BB +/-Stable</b>
				Downgraded and migrated to INC	<b>Upgrade</b>
<b>Grand Total</b>	<b>30</b>	<b>35.62</b>	<b>(Rupees Thirty-Five Crores and Sixty Two lakhs Only)</b>		


#Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the ratings

\*\*Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

The Rating Rationale of **Brickwork Ratings** for revision in credit rating is enclosed.

Kindly take the above on record.

Thanking you  
For Raj Television Network Limited,



**Joseph Cheriyan**  
FCS 9586  
Company Secretary & Compliance Officer

Encl : As above.

**Raj Television Network Limited**

CIN : L92490TN1994PLC027709

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**RATING RATIONALE**

03May2021

**Raj Television Network Limited**

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs. 35.62 Crs. of Raj Television Network Limited**

**Particulars**

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous (15 Jun 2020)	Present
Fund Based	30.00	35.62	Long Term	<b>BWR BB</b> /INC Downgraded and migrated to INC	<b>BWR BB +</b> /Stable Upgrade
<b>Grand Total</b>	<b>30.00</b>	<b>35.62</b>	<b>(Rupees Thirty Five Crores and Sixty Two lakhs Only)</b>		

#Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) (<https://www.brickworkratings.com>) for definition of the ratings

\*\*Details of Bank Loan facilities,consolidation or instruments are provided in Annexure

**RATING ACTION / OUTLOOK**

The rating factors three decade long experience of the company as well as its promoters in the south Indian television industry. The company had been in the production of several shows which gave wider outreach to viewers and good presence and connectivity in South India and Middle East countries and also contributed to higher revenues. However the rating is constrained by muted revenue and declining operating profitability in FY20 and 9MFY2021 due to the impact of Covid19. The company is also exposed to the risks inherent to the media and entertainment industry in terms of linkage of advertisement revenue, intense competition due to entry of many new channels coupled with the emergence of alternative content delivery platforms, such as digital media, resulting in fragmentation of the viewership.

**KEY RATING DRIVERS****Credit Strengths:**

- **Promoter's Experience :**

The promoters of the company have experience of more than three decades in the South Indian Television market. This has helped the company to expand its network in major parts of South India.

- **In-house facilities :**

The Company has developed a strong back-end infrastructure in the form of production facilities, studios and related amenities to create its own content without having to depend on external providers of these services. This provides the Company with the flexibility to schedule its content development activities according to market demand as well as independence from external service providers.

- **Established Distribution and Client Network :**

The Company has, over the last 24 years, developed a strong distribution team for ground level interface with MSOs and cable operators on a day to day basis. The marketing team of the company has effectively built a strong relationship network with major advertisers and media buying agencies. Further the company has distributors across the globe, which aid in generating export revenues. The management is proposing to create an app to watch movies, serials and live TV in competition with other OTT players. This is expected to boost the revenues in medium term.

### **Credit Risks:**

- **Dependence on advertiment revenue and exposure to competition in the industry :**

The company faces stiff competition from well established broadcasters in Southern India. Major portion of the revenue comes from advertising and the operating margin of media houses remains vulnerable to economic downturn as advertisement revenue is linked to economic conditions. Revival in macroeconomic environment and its impact on company's operating performance will remain a key monitorable.

- **Moderate financial Risk :**

Revenue from operations marginally declined from Rs. 62.20 Crs. in FY19 to Rs.59.16 Crs. in FY20. Operating profit declined from Rs. 13.54 Crs. to Rs. 11.38 Crs. and net profit from Rs.5.40 Crs. to Rs. 0.01 Crs. over the same period. Owing to COVID 19 disruptions, the company was unable to translate the production cost into income, that has resulted in low operating profit and net profit of Rs. (0.16) Crs and (9.87) Crs for 9MFY21. Total debt marginally declined from Rs. 36.03 Crs.in FY 2019 to Rs.35.34 Crs.in FY 2020. The company had contracted debt to the tune of Rs.22.21 crores for acquisition of satellite rights. This has resulted in higher debt repayments of Rs. 9.54 Crs and low DSCR of 0.89 times in FY 2020. Tangible net worth (TNW) is at Rs. 77.02 Crs as on 31st March 2020 and gearing is low at 0.46 times as on 31st March 2020. ISCR remains moderate at 2.54 times in FY20. The Company reported net revenue of Rs. 47.74 Crs. in 9MFY21 against Rs. 43.24 Crs in 9MFY20.

- **Disruption in business activities due to Covid-19 :**

The company had been affected by suspension of media activities between March to June 2020 owing to Covid which had an adverse impact on operations and with raising COVID cases and possibility of another lock down is expected to impact the financial performance in the short term.

### **ANALYTICAL APPROACH - Standalone**

For arriving at its ratings, Brickwork Ratings has applied its rating methodology as detailed in the Rating criteria below (hyperlinks provided at the end of this rationale). The Company does not have any subsidiary as on 31Mar2020.

### **RATING SENSITIVITIES**

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 figure.

## LIQUIDITY INDICATORS - Stretched

As the operations are working capital intensive, the Company had utilized ~90 % of the available limits in the past 6 months ending March 2021. For FY 2020, the company generated EBITDA of Rs. 11.38 Crs and serviced interest and finance charges to the tune of Rs. 4.48 Crs. However the net cash accruals post interest servicing were only around Rs. 6.90 crores vis-a-vis the debt repayments of Rs. 9.54 crores during FY 2020. Cash & Cash Equivalents were at Rs. 2.75 Crs.as on 31Mar2020 and the Current Ratio was at 1.75 times as on 31Mar2020. Given the net cash accruals and cash and cash equivalents with high debt obligations for FY21, the liquidity position of the Company appears stretched.

## ABOUT THE ENTITY

The Raj Television Network Limited ("RTNL") is a BSE listed company incorporated on June 3, 1994 under erstwhile Companies Act 1956. The company is one of the largest Television satellite broadcasters in south India. RTNL was promoted by Mr. Raajhendhran with his three brothers in 1994. Prior to the incorporation the promoters were in the business of movie production in the brand name of "Raj Video Vision" since 1983 .

The company undertakes several production projects with the right mix of self produced and outsourced productions. With self-produced content, the company gets complete right over the content, and can build its own intellectual property base.

Raj TV currently operates 12 Television channels in five languages including Tamil, Telugu, Kannada, Malayalam and Hindi. The Channel offers a right mix of movies, serials, debates, cultural, educational, cookery, handicrafts and religious programmes satisfying the needs of the entire community ranging from Urban to the rural audience.

Raj TV, Raj Music Tamil, Raj Digital Plus, Raj Music Kannada & Raj News Kannada, Raj Music Telugu & Raj News Telugu, Vissa-Telugu, Raj Pariwar-Hindi, Raj Music Malayalam & Raj News Malayalam, Raj Movies Tamil, Raj Nagaichuvai, Raj TV Asia are the channels operated by Raj Television Network.

The company has library of films ranging different languages with 2641 (649 blockbuster, 1469 Hits, 479 Average and 20 below average movies) valuing Rs. 964 Crs.

## KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 19-20 (Audited)	FY 18-19 (Audited)
Operating Revenue	Rs.Crs.	59.16	62.20
EBITDA	Rs.Crs.	11.38	13.54
PAT	Rs.Crs.	0.01	5.40
Tangible Net Worth	Rs.Crs.	77.02	84.31
Total Debt/Tangible Net Worth	Times	0.46	0.43
Current Ratio	Times	1.54	1.98

## KEY COVENANTS OF THE FACILITY RATED

The terms of sanction include standard covenants normally stipulated for such facilities

## RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities	Current Rating (2021)			2021 (History)		2020		2019		2018		
	Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	35.62	BWR BB+/Stable (Upgrade)	NA	NA	15Jun2020	BWR BB/INC (Downgraded and migrated to INC)	06Mar2019	BWR BBB- (REAFFIRMATION)	NA	NA	
<b>Grand Total</b>		35.62	<b>(Rupees Thirty Five Crores and Sixty Two lakhs Only)</b>									

## COMPLEXITY LEVELS OF THE INSTRUMENTS - NA

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) (<https://www.brickworkratings.com/download/ComplexityLevels.pdf>). Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com) (<mailto:info@brickworkratings.com>).

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### Raj Television Network Limited

### ANNEXURE-I

#### Details of Bank Facilities rated by BWR

SL.No.	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
1	Cash Credit-Sanctioned	13.00	-	13.00
2	Term Loan-Sanctioned	5.71	-	5.71
3	Corporate Loan-Sanctioned	10.76	-	10.76

SL.No.	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
4	Working Capital Term Loan-Sanctioned	5.00	-	5.00
5	Working Capital Demand Loan-Sanctioned	1.15	-	1.15
<b>Total</b>		<b>35.62</b>	<b>0.00</b>	<b>35.62</b>
<b>TOTAL (Rupees Thirty Five Crores and Sixty Two lakhs Only)</b>				

## ANNEXURE-II

## ANNEXURE-III

### Print and Digital Media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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