

Date: 19.11.2024

To,  
The Manager  
BSE Limited  
First Floor, New Trading Wing, Rotunda building,  
PJ Towers, Dalal Street, Fort,  
Mumbai – 400001  
**BSE Scrip Code: 532826**

To,  
The Manager,  
National Stock Exchange of India Limited,  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/I,  
G Block, Bandra Kurla Complex, Bandra East,  
Mumbai- 400051  
**NSE ID: RAJTV**

Dear Sir/Madam,

**Sub: Intimation of Credit Rating under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to the provisions of Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the ratings assigned by India Ratings & Research Private Limited vide their letter dated 19<sup>th</sup> November, 2024, communicated to the company vide an email dated 19<sup>th</sup> November, 2024, for our company's outstanding instruments:

<b>Instrument</b>	<b>Tenure</b>	<b>Ratings</b>	<b>Rating Action</b>
<b>Fund Based</b> (Term Loan)	Long Term	<b>IND BB/Stable</b> (India Ratings Double B stable)	Downgraded
<b>Fund Based</b> (Working Capital Limit)	Long Term	<b>IND BB/Stable</b> (India Ratings Double B stable)	Downgraded
<b>Non-fund based</b>	Short Term	<b>IND A4+</b> (India Ratings A four plus)	Affirmed

The rating letter received from India Ratings is enclosed herewith.

Kindly take the same on record.

Thanking You.

Yours Truly,

**For Raj Television Network Limited**

**Namratha K**

**Company Secretary**

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**Raj Television Network Limited**

CIN : L92490TN1994PLC027709

Regd. Off / Head Off : No.32, Poes Road 2nd Street, Teynampet, Chennai - 600 018. Tamil Nadu, India.

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**India Ratings Downgrades Raj Television Network’s Bank Facilities to ‘IND BB’;  
Outlook Stable**

Nov 19, 2024 | Media & Entertainment

India Ratings and Research (Ind-Ra) has downgraded Raj Television Network Limited’s (RTNL) bank facilities as follows:

**Details of Instruments**

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Term loan	-	-	February 2027	INR92	IND BB/Stable	Downgraded
Fund-based working capital limit	-	-	-	INR130	IND BB/Stable/IND A4+	Long-term rating downgraded; Short-term rating affirmed

**Analytical Approach**

Ind-Ra continues to take standalone view of RTNL to arrive the ratings.

**Detailed Rationale of the Rating Action**

The downgrade reflects RTNL’s weaker-than-Ind-Ra-expected financial performance during FY25. The ratings remain constrained by the company’s small scale of operations, modest EBITDA margins and credit metrics, and stretched liquidity. Although, Ind-Ra expects the scale of operations and EBITDA margins to improve in FY26. The ratings remain supported by promoters’ more than three decades of experience in the media industry.

**List of Key Rating Drivers**

**Weaknesses**

- Decline in EBITDA margins
- Deterioration in credit metrics
- Continued small scale of operations
- Competitive industry; dependence on advertisement revenue

**Strengths**

- Experienced promoters
- Established distribution and client network

**Detailed Description of Key Rating Drivers**

**Decline in EBITDA Margins:** In 1HFY25, the company incurred EBITDA losses on account of an increase in operating expenses due to launching of two new channels and settlement of a contingent liability. Ind-Ra expects RTNL to report operating losses in FY25 and turn profitable from FY26. In FY24, the EBITDA margins declined to 4.55% (FY23: 6.73%) due to an increase in content production and up-linking charges. The margins were modest with a return on capital employed of 2% in FY24 (FY23: 2.4%).

**Deterioration in Credit Metrics:** Ind-Ra expects the credit metrics to deteriorate in FY25 due to the operating losses and improve from FY26 on account of scheduled debt repayment and the likely increase in EBITDA. During FY25, RTNL availed a term loan of INR120 million for settling contingent liabilities. In FY24, the interest coverage (operating EBITDA/gross interest expense) improved to 1.93x (FY23: 1.85x) due to a reduction in financial charges on account of scheduled term loan repayment. However, the net leverage deteriorated to 4.18x in FY24 (FY23: 3.93x) on account of the decline in EBITDA to INR48.45 million (FY23: INR57.05 million).

**Continued Small Scale of Operations:** In 1HFY25, RTNL booked revenue of INR613.66 million. In FY24, RTNL's revenue improved to INR1,064.9 million (FY23: INR847.88 million) on account of increased revenue from advertisement due to general elections and the growth of over-the-top (OTT) and digital channels. Ind-Ra expects the revenue to increase further in FY25 due to a rise in OTT channel subscribers and the launch of two new channels.

**Competitive Industry; Dependence on Advertisement Revenue:** RTNL operates in highly competitive industry with ever-changing dynamics with significant transformation in digital media over the years. Ind-Ra believes a further dependence on advertisement revenue could lead to fluctuations in revenue and margins.

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

**Established Distribution and Client Network:** The company has, over the last 30 years, developed a strong distribution network with direct-to-home (DTH) and cable operators. Furthermore, the company has distributors across the globe, which aids in generating export revenue.

## Liquidity

**Stretched:** RTNL's working capital cycle remained elongated at 109 days in FY24 (FY23: 110 days) as the reduction in the receivable period to 88 days (232 days) was offset by a decline in the payable period to 22 days (FY23: 122 days). The average maximum utilisation of the fund-based limits was 99.33% over the 12 months ended September 2024. In FY24, the cash flow from operations declined to INR12.88 million (FY23: INR277.21 million) due to unfavorable changes in working capital. Consequently, the free cash flow fell to INR10.01 million in FY24 (FY23: INR38.68 million). The company has scheduled debt repayments of INR16.6 million in FY25 and INR33.8 million in FY26. Furthermore, the company does not have any capital market exposure and relies on banks and financial institutions to meet its funding requirements. The cash and cash equivalent stood at INR26.7 million at FYE24 (FYE23: INR24.64 million).

## Rating Sensitivities

**Negative:** A decline in the scale of operations, leading to deterioration in the overall credit metrics and/or a further pressure on the liquidity position, all on a sustained basis, could lead to a negative rating action.

**Positive:** An increase in the scale of operations, along with an improvement in the overall credit metrics with the interest coverage exceeding 2.0x and an improvement in the liquidity profile, all on a sustained basis, could lead to a positive rating action.

## About the Company

Incorporated in 1994, RTNL is a television satellite broadcaster in southern part of India which operates 13 TV channels, one OTT channel and one digital channel in five languages. Prior to the incorporation, the promoters were in the business of movie production under the brand name Raj Video Vision since 1983.

## Key Financial Indicators

Particulars	FY24	FY23
Revenue (INR million)	1,064.60	847.88
EBITDAR (INR million)	48.45	57.05

EBITDAR margin (%)	4.55	6.73
Gross interest coverage (x)	1.93	1.85
Net leverage (x)	4.18	3.93
Source: RTNL; Ind-Ra		

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/Outlook	Historical Rating/Outlook
				3 April 2024
Fund-based working capital limit	Long-term/Short-term	INR130	IND BB/Stable/IND A4+	IND BB+/Stable/IND A4+
Term loan	Long-term	INR92	IND BB/Stable	IND BB+/Stable

## Bank wise Facilities Details

The details are as reported by the issuer as on (19 Nov 2024)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Canara Bank	Fund Based Working Capital Limit	130	IND BB/Stable/IND A4+
2	Canara Bank	Term Loan	92	IND BB/Stable

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limit	Low
Term loan	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Contact

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**About India Ratings and Research:** India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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## **Solicitation Disclosures**

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## **APPLICABLE CRITERIA AND POLICIES**

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### **Evaluating Corporate Governance**

### **Short-Term Ratings Criteria for Non-Financial Corporates**

### **Corporate Rating Methodology**

### **The Rating Process**

## **DETAILED FINANCIAL SUMMARY**

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