

TDI International India Private Limited

	Amount	Rating Action
Term Loans	Rs 52.88 crore (PY: Rs 57.92 crore)	Upgraded to [ICRA]B- from [ICRA]D
Long-term Fund-Based Working Capital Facilities	Rs 10.00 crore	Upgraded to [ICRA]B- from [ICRA]D
Short-term Non-Fund Based Working Capital Facilities	Rs 69.00 crore	Upgraded to [ICRA]A4 from [ICRA]D
Long-Term/Short-Term Unallocated Limits	Rs 9.74 crore (PY: Rs 4.70 crore)	Upgraded to [ICRA]B-/ [ICRA]A4 from [ICRA]D/[ICRA]D
Total	Rs 141.62 crore	

The ratings assigned to the Rs 141.62 crore¹ bank facilities of TDI International India Private Limited ('TDI International' or 'the company') have been upgraded to [ICRA]B-/ [ICRA]A4 (pronounced ICRA B minus /ICRA A four)² from [ICRA]D/[ICRA]D (pronounced ICRA D/ICRA D).

The rating upgrade reflects the regularisation of past delay in debt servicing by TDI International towards interest and principal repayments on outstanding term loans supported by improvement in operating performance and scale up of revenues from the metro advertising segment during the current fiscal. TDI International's presence in the segment has increased to 84 stations in the current fiscal as against 63 stations in the last fiscal thereby accelerating revenue growth during the current fiscal. The ratings, however, continue to be constrained by the company's accumulated losses; stepped-up repayment obligations on existing term borrowings and limited financial flexibility reflected in near full utilisation of sanctioned working capital facilities.

ICRA notes the professional management and established track record of its promoters in the out of home (OOH) advertising segment with key focus on transit media advertising over nearly three decades. ICRA also notes the established relationships with the Airport Authority of India (AAI) and Delhi Metro Rail Corporation (DMRC) as the first concessionaire in the organised advertising space. ICRA further notes the sustained improvement in profitability and cash accruals over the last two years, in line with exit from unprofitable airport locations, higher penetration in the metro advertising segment and healthy gross margins in media services offering consolidated solutions to clients.

The ratings continue to be constrained by the corporate guarantee extended by TDI International to Group Company, Bhadra International (India) Private Limited (rated [ICRA]D/[ICRA]D) which continues to face operational challenges. Sizeable debt-funded investments and weaker-than-expected business performance due to regulatory challenges have impacted the financial health of Bhadra International. The company's profitability indicators and cash accruals remain weak due to high interest costs on outstanding debt, high fixed operating overheads, large royalty commitments to AAI and low capacity utilisation rates. Any devolvement of such guarantees provided by TDI International which impact the credit profile of the company going forward will remain a key rating sensitivity.

ICRA further notes that the operating environment remains highly competitive dominated by the presence of a few large players. Nonetheless, healthy growth opportunities continue to persist in the transit media advertising segment in line with infrastructure development projects being undertaken by the Government. In addition, while the media industry continues to remain susceptible to economic cyclicalities as well as seasonality, a well-diversified client profile across industries helps mitigate such risks for TDI International to an extent. Having secured advertising rights for 100 metro stations for a period of 10 years, TDI International enjoys healthy revenue visibility from the metro advertising segment and the same is expected to be the key revenue driver. However, TDI International is currently operating on extension at seven out of eight airport locations and selected site basis at Pune. With airport advertising contributing more than 75% to total revenues and Chennai as a location contributing nearly 50% to segment revenues; the company's revenue concentration risks remain

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

high. Thus, TDI International's ability to successfully renew licenses at existing airport locations remains a key rating sensitivity, nonetheless, established track record in the airport advertising space provides some comfort.

About the Company

TDI International India Private Limited was established in 1986 by Mr. Prem Bajaj to provide Out of Home advertising services. The company ventured into the airport advertising space in 1986 with its first contract with the Indira Gandhi International Airport and subsequently won the first ever advertising rights tender floated by the Airport Authority of India in 1987 providing the company access to key metro airports- Kolkata, Chennai, Trivandrum and Mumbai. Over the years the company has emerged as the single largest airport advertiser in India with a presence across eight Indian cities- Ahmedabad, Chennai, Tirupati, Trivandrum, Calicut, Cochin, Goa and Pune.

In addition to airports; the company also enjoys advertising rights at 100 metro stations in New Delhi awarded by Delhi Metro Rail Corporation. The company also provides other media services such as outdoor media, mobile and internet advertising, strategic planning, media buying and creative media solutions.

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