

Sudarshan TV Channel Limited

Instrument	Amount Rated	Rating Action
Term Loans	16.40	[ICRA] D; Revised; suspension revoked
OD	3.50 (increased from 1.75)	[ICRA] D; Revised; suspension revoked
Unallocated	1.98 (reduced from 3.73)	[ICRA] D; Revised; suspension revoked
Total	21.88	

ICRA has revised its long term rating on the Rs. 16.40 crore¹ long term bank facilities of Sudarshan TV Channel Limited (STCL) to [ICRA] D (pronounced ICRA D) from [ICRA] BB-(Stable) (pronounced ICRA double B minus, with a Stable Outlook)². ICRA has also revised its rating on the Rs 3.50 crore short term bank facilities to [ICRA] D from [ICRA] A4 (pronounced ICRA A4). ICRA has also revised its rating on the Rs 1.98 crore unallocated bank facilities of STCL to [ICRA] D from [ICRA]BB-(Stable)/ [ICRA] A4. The rating suspension carried out in April 2016 has been revoked.

The rating revision is driven by delays in debt servicing on account of pressure on cashflows. While the company was undertaking debt funded capital expenditure and had to meet its repayment obligations, it also witnessed a significant decline in operating scale on account of weak advertisement sales in FY2016 resulting in pressure on liquidity. ICRA however, takes note the long standing experience of the promoters in the media industry and the pickup in ad revenue seen in Q1 FY2017 which is likely to improve the liquidity of the company in the near term.

Going forward the ability of the company to demonstrate a track record of timely debt servicing will be the key rating sensitivity.

Company Profile

STCL is a public limited company, incorporated in 2007 by Mr. Suresh K. Chavhanke and his wife Mrs. Maya Chavhanke. Presently, the company operates two news channels, 'Surdashan News' and 'A to Z News'; along with 'Sai TV', the a TV channel in India that is dedicated to Sai Baba and his teachings and beliefs.

Recent Results

STCL reported a net profit of Rs. 0.4 crore on an Operating Income (OI) of Rs. 14.4 crore in FY2016 (as per provisional results) as compared to a net loss of Rs. 0.7 crore on an OI of Rs. 22.8 crore in the previous year. Further, as per the management, the company has reported an operating income of ~Rs. 5 crore in the first quarter of FY2017.

August 2016

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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 rating publications



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