



Press Release

UCN Cable Network Pvt. Ltd

March 13, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Issuer Rating	-	IVR A-/Stable Outlook (Pronounced as IVR A Minus with Stable Outlook)	IVR A-/Stable Outlook (Pronounced as IVR A Minus with Stable Outlook)	Re-affirmed	Simple
Total	-				

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed long-term rating of IVR A- with a stable outlook to the UCN cable network Pvt. Ltd.

The rating reaffirmation considers the company's experienced promoters and management, channels across genres with sizeable subscribers and established presence in the regional segment, Improved Profitability with moderate financial risk profile. However, the rating is constrained by the range bound operating revenues, decline in the numbers of subscribers and high competition in the television broadcasting segment.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term.

IVR has principally relied on the standalone audited financial results of UCN cable network Pvt Ltd upto 31 March 2023 and Projected Financials for FY24, FY25 and FY26 and publicly available information/ clarifications provided by the entity's management.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business and subscribers with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis.

Downward Factors

- Substantial decline in operating income and cash accrual, a stretch in the working capital cycle driven by stretched receivables, or sizeable capital expenditure weakens the financial risk profile, particularly liquidity.
- Decline in the number of subscribers.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of management and established track record

UCNPL is promoted by Mr. Ashutosh Kane, Mr. Ajay Khamankar and Mr. Jagdish Paliya. The promoters of the company have been engaged in the business line for around three decades. The extensive knowledge and experience of the promoters has helped in establishing healthy relationships with its customers. The company has already made its presence in and around Nagpur and has expanded to new geographical locations like- Bhopal, Jabalpur, Indore districts of Madhya Pradesh.

Efficient working capital management

The company's working capital operations is efficient marked by the receivable period of 45 days and average creditor period of 80 days. As a result of efficient working capital management, the company was able to reduce their reliance on working capital limits and currently functioning with no debt. We expect the working capital management to remain efficient over the medium term on account of limited credit period extended to its customer.



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Key Rating Weaknesses

Intense competition in cable TV business from DTH and alternative media platforms

Despite consolidation in the industry, cable TV—UCN's primary operative segment— will continue to face competition from large MSOs and alternative distribution technologies like DTH. This may impact UCN's ability to increase its subscriber base or force it to offer significant discounts on NCF. In addition, the industry is increasingly facing competition from internet-based alternative media platforms like the OTT services. While implementation of tariff order is a positive for cable distributors, providing inter alia revenue stability, its timely and successful implementation remains a monitorable factor over the near to medium term.

Declining profitability on the back of declining revenues

The company has witnessed top line decline by 4.51% in FY23, from Rs 146.30 Crores in FY22 to Rs 138.67 Crores in FY23 on account of decline in revenues from operation. On the other hand, the Company has witnessed a surge namely in production, telecast expenses and marketing expenses, which has impacted the profitability of the company.

Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodology for Service Sector Entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)

Liquidity – Adequate

Liquidity is adequate marked by zero repayment obligations as the company is not availing any debt. The company generated gross cash accrual of Rs. 25.02 crore as on March 31, 2023, against no maturing debt obligation in the same period. The company's working capital operations is efficient marked by the operating cycle of negative 35 days for FY2023. The company maintains unencumbered cash and bank balances of Rs. 40.86 Cr as on 31 March 2023. The current ratio stands at 2.51 times as on 31 March 2023. We believe that the liquidity



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of the company is likely to remain adequate over the medium term on account of healthy gross cash accruals to no debt repayments over the medium term.

About the Company

UCN Cable Network Pvt Ltd was incorporated in the year 2006 at 502, Milestone, 12, Ramdaspath, Wardha Road, Nagpur. UCN is an ISO 9001:2008 certified Company engaged in providing digital cable network services as a multi service operator, having footprints in Vidarbha, Marathwada, parts of MP like Jabalpur, Bhopal, and Indore, among others.

UCN provides 350+ digital and high definition channels and high-speed internet services in the region of Vidarbha and western Maharashtra.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	146.30	138.67
EBITDA	27.80	25.63
PAT	10.81	10.76
Total Debt	-	-
Tangible Net worth*	75.46	86.31
EBITDA Margin (%)	19.00%	18.48%
PAT Margin (%)	7.32%	7.65%
Overall Gearing Ratio (x)	-	-

**as per Infomerics standards*

Status of non-cooperation with previous CRA : Nil

Any other information: Nil

Rating History for last three years:



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Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 Dated : Jan 16, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Oct 11, 2022	Date(s) & Rating(s) assigned in 2021-22 Dated : July 26, 2021	Date(s) & Rating(s) assigned in 2019-20
1	Issuer rating	-	-	IVR A- /Stable Outlook (Pronounced as IVR A Minus with Stable Outlook)	IVR A-/Stable Outlook (Pronounced as IVR A Minus with Stable Outlook)	IVR BB+(Is)/INC (IVR Double B Plus (Is) /ISSUER NOT COOPERATING)	IVR A- [IS]/ Stable Outlook (IVR Single A Minus (IS) with Stable Outlook)	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which



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helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Issuer rating				-	IVR A-/Stable Outlook (Pronounced as IVR A Minus with Stable Outlook)

Annexure 2: List of companies considered for consolidated analysis: N.A

Annexure 3: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/Len-UCN-Cable-13032024.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

