



Press Release

Kalaignar TV Private Limited

November 26, 2021

Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facility	75.00	IVR BB+/ Stable Outlook (IVR Double B plus with Stable Outlook)	Assigned
	Total	75.00 (Seventy five crores only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Kalaignar TV Private Limited (KTPL) draw comfort from its experienced promoters and management, creative contents along with continued moderate debt protection metrics. However, these rating strengths are partially offset by range bound operating revenue, capital intensive nature of business and high competition in the television broadcasting segment along with the rapid advancement in smartphone technology

Key Rating Sensitivities:

Upward Factor:

- Substantial & Sustained improvement in revenue & EBITDA margin while maintaining the debt protection metrics.
- Continued improvement in gearing

Downward factor:

- Increased stress on working capital cycle due to increase in receivables
- Significant decline in total revenue/ profitability resulting deterioration in debt protection metrics



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and management

KTPL was incorporated in 2017 and has a track record spanning of 4 years in the television broadcasting segment. The company is promoted by Mr. M K Dayalu, Ms Kanimozhi Karunanidhi & Mr Sharad Kumar renowned politician. Further, the key managerial personnel of the company are also well experienced. The senior management consists of people with long experience in the industry having worked with various other TV broadcasting companies.

Creative contents

Ability of the team to come out with creative contents has enabled Kalaingar TV Private Limited to face healthy competition from existing strong players in the industry. Company management has also incorporated the values of social commitment to the society that can be seen as a part of various contents broadcasted by the company.

Continued moderate debt protection metrics

The total debt of the company comprises of Rs 0.09 crore of term debt and working capital limit of Rs 69.98 crore in FY21(Prov). The interest coverage ratio has remained moderate at 1.72x. Going forward the company does not expect any major debt funded capital expenditure.

Key Rating Weaknesses

Range bound operating revenue

The company posted decline in revenue from Rs 58.20 crore in FY20 to INR47.52 crore in FY21(Prov) due to decline in branding arrangements and advertisement sales. EBITDA margins of the company has been healthy during the past 2 years in the range of 13-33%. The EBITDA margin of the company has improved in FY21 due to reduction in overhead costs.

Capital intensive nature of business

The segment in which the company operates is highly capital intensive due to the need for procurement of various network rights & licenses along with requirement of infrastructure and equipment. Further, the company also invests significantly in content creation (producing



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television soaps etc.) in order to attract more viewership. The company has a negative networth as on March 31,2021 due to accumulated losses over the last few years due to amortization of films rights. Films rights value is reflected under the intangible assets under foot notes with gross block amounting to Rs 257.64 crore as on march 31,2021(Prov)

High competition in the television broadcasting segment along with the rapid advancement in smartphone technology

The media and entertainment industry remains related to the cyclical in advertising spends by corporates. In addition, with increasing competition across genres and the emergence of alternative content delivery platforms such as digital media resulting in fragmentation of viewership, the ability of the company to maintain its leadership position and the resultant share in advertisement revenue will remain crucial. On a regional level the company faces competition from multiple broadcasters. The ability of the company to ably fend off its competition and keep its revenues at a sustained level remains a key rating factor. Company is in process of convert it's free channels to paid channel's from January 2022.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

Liquidity is adequate despite a low current ratio of 0.49x in FY21, the GCA remains comfortable at Rs8.20 crore against negligible debt obligations. The working capital utilisation on average stood at 90.11% for the past 12 months period till September 2021

About the Company

Incorporated in 06.06.2017, Kalaingar TV Private Limited is a television broadcasting company which operates in 6 regional channels primary catering to Tamil speaking population in India. The company has a bouquet of channels for different segments of viewers and entertainment seeker like Kalaingar TV(GEC), Isai Aruvi & Murasu (Music), Seithgal (News), Sirippoli



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(Comedy) and Chithiram (Kids). Presently the company is managed by Mr.P.Amirtham who has very rich experience in the entertainment area along with another Director Mr. Srinivasan Elangovan.

The company has its own production and post production centre with total infrastructure for programs of high quality at Chennai. Kalaigarnar TV Private Limited has 5 studios equipped with the latest digital hardware in video and audio and all facilities of transmission from the studio premises itself.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2020	31-03-2021
	Audited	Prov
Total Operating Income	58.20	47.52
EBITDA	7.76	15.87
PAT	(4.74)	3.24
Total Debt	75.22	70.07
Tangible Net worth	(48.27)	(27.93)
Adjusted Tangible Net Worth	(53.95)	(34.32)
EBITDA Margin (%)	13.33	33.41
PAT Margin (%)	(7.90)	6.54
Overall Gearing Ratio (x)	(1.39)	(2.04)

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: N.A.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Limits – Cash Credit	Long Term	75.00	IVR BB+/ Stable Outlook	-	-	-



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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.

Name and Contact Details of the Rating Analyst:

Name: Ms. Smriti Jetly

Tel: (011) 24611910

Email: sjetly@infomerics.com

Name: Mr. Om Prakash Jain

Tel: (011) 24611910

Email: opjain@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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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
Long Term Bank Facility-Cash Credit	-	-	-	75.00	IVR BB+/Stable Outlook



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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Kalaigmar-TV-lenders-nov21.pdf>

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

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple

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