

Press Release

Krishna Showbiz Services Private Limited

February 24, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 100.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB**' (read as **SMERA BB**) on the Rs. 100.00 crore bank facilities of Krishna Showbiz Services Private Limited. The outlook is '**Stable**'.

Krishna Showbiz was promoted by Mr. Gautam Adhikari and Mr. Markand Adhikari (promoters of SAB TN) in 2013 to tap the increasing demand for regional content through Dillagi. The channel began broadcast operations from July 2015.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters have more than three decades of experience in the media and entertainment industry. Mr. Gautam Adhikari heads Operations whereas Mr. Markand Adhikari manages finance, strategic planning and business development.

- **Group support**

Krishna Showbiz, being a group company has financial and managerial support from SAB TN. The company is expected to continue to enjoy financial flexibility in the form of interest free unsecured loans from promoters as and when required.

- **Moderate revenue booking in the first year of operations**

The revenue of the company in the first year of operations (FY2015-16) amounted to Rs.30.70 crore. The debt servicing coverage ratio stood at 1.55 times for FY2015-16.

Weaknesses

- **Nascent stage of operations**

Krishna Showbiz was incorporated in 2013, while channel Dillagi, was launched in February 2015. The channel is at the nascent stage of operations since broadcast began in July 2015.

- **Competition from established regional channels**

The channel faces intense competition from established regional channels.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

SMERA believes that Krishna Showbiz will maintain a Stable outlook owing to its experienced management and support from group companies. The outlook may be revised to Positive if the company generates larger-than-expected cash flows through advertisement income and maintains profitability margins. Conversely, the outlook may be revised to Negative in case of fall in

advertisement income resulting in lower than expected net cash accruals.

About the Rated Entity - Key Financials

In FY2015-16, Krishna Showbiz reported loss of Rs. (0.65) crore on operating income of Rs.30.70 crore. The net worth stood at negative Rs.75.72 crore as on 31 March, 2016.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
November 09, 2015	Term Loan	Long Term	INR 100 CR	SMERA BB / Stable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	100.00	SMERA BB / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Hina Gupta Rating Analyst Tel: 02267141320 hina.gupta@smera.in	

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