



Ref: D/RAT/2009-10/S-82/2

Date: February 17, 2010

Mr. Neeraj Jain
Chairman & Managing Director
Sea TV Network Limited
148, Mansa Nagar,
Shahganj, Agra -282010

Dear Sir,

Re: ICRA Grading of Initial Public Offer of Rs. 50.20 crore to be issued by Sea TV Network Limited to the Public ("IPO")

Please refer to your mandate for grading the IPO of Rs. 50.20 crore of Sea TV Network Limited. The Rating Committee of ICRA, after due consideration, has assigned the "ICRA IPO Grade 1" (pronounced ICRA IPO Grade one) grading to the captioned IPO programme. This grading indicates poor fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as "ICRA IPO Grade 1". We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your confirmation about the use of this letter. The rationale for assigning the above grading will be sent to you in due course.

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and / or (c) a credit rating. Further the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such Issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by the users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

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RATING • RESEARCH • INFORMATION



This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the instrument rated, as above, is not issued by you within a period of 6 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 6 months.

You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

In determining the grading, ICRA has relied on the information available/made available to it by your company and ICRA does not guarantee the completeness or accuracy of such information on which the rating is based

We thank you for your kind cooperation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited

A handwritten signature in blue ink, appearing to read 'Vikas Agarwal', is written over a horizontal line.

Vikas Agarwal
(Senior Vice President)

A handwritten signature in blue ink, appearing to read 'Sachin Sachdeva', is written over a horizontal line.

Sachin Sachdeva
(Analyst)



Sea TV Network Limited

ICRA has assigned an IPO Grade 1 to the proposed initial public offering of Sea TV Network Limited (STNL), indicating poor fundamentals. ICRA assigns IPO grading on a five point scale IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

The IPO Grade 1 assigned by ICRA reflects risks arising out of STNL's small scale of operations, significant expansion plans in relation to its existing operations, geographic concentration risk arising out of presence in only city namely Agra (Uttar Pradesh) and competition from other players in Agra city as well as from companies like Bharti Airtel, Reliance Big TV, Dish TV etc. providing (Direct to Home) DTH cable transmission services. However, ICRA takes into consideration promoter's long track record of operations in the industry and the company's large existing subscriber base in the city.

Sea TV Network Ltd. (STNL) is an Agra (U.P) based company engaged in providing services of a Multi System Operator (MSO). The operations of STNL include distribution of channel signals to Local cable Operators (LCO) who further transmit signals to subscribers' TVs. The promoters of STNL are in this line of activity for more than last 16 years.

So far, STNL had been operating on analog system of cable TV signal distribution; however, looking at the benefits of digital system over analog system such as better quality of signals and higher bandwidth etc., STNL has decided to set up a complete digital cable TV distribution network in Agra city and adjoining areas. Under the whole project the company will set up digital headend system, underground optical fibre cables, branch offices and network for Internet Protocol Television (IPTV). The total cost of the project (including issue expenses) is estimated to be Rs. 596.5 million which is proposed to be funded by Debt of Rs. 89.5 million, internal accruals of Rs. 5 million and IPO proceeds of Rs. 502.0 million. However, the execution and successful implementation remains a key concern area for the company given the relatively large size of project as against its existing scale of operations.

The operating income of the company has witnessed an increasing trend over last four years backed by increase in carriage fee from broadcasters and increased advertisement revenue. The operating income has increased to Rs. 95.3 million in FY2009 from Rs. 17.5 million in FY2006. With increasing market share and higher subscribers base, the profitability has also improved as reflected by increase in operating margin (operating profit before depreciation, interest and tax/operating income) to 30.8% in FY2009 from 3.0% in FY2006. This has also resulted in better return indicators. However the extended collection period from customers has resulted in increased working capital intensity of the company. Nevertheless, equity infusion by promoters and healthy internal accruals has resulted in low gearing (debt / equity) of 0.5 times as on March 31, 2009. Going forward, ICRA expects the revenue of the company to grow backed by favourable outlook for the cable industry and the expected benefits from company's shifting to digital system from current analog system.

About Company

Sea TV Network Ltd. (STNL) is an Agra (U.P) based company engaged in providing services of a Multi System Operator (MSO) to various Local Cable TV operators of Agra city. It was incorporated in May 2004. The promoters of STNL are in this line of activity for last 16 years. The operations of STNL include distribution of channel signals to LCOs who further transmits signals to subscribers' TVs. STNL also broadcast its own local channels, programmes of which are produced by its own production team.

STNL reported revenues of Rs. 58.1 million and a Profit after Tax of Rs. 10.1 million in 2008-09.

Issue Details

STNL is proposing to come out with an Initial Public Offer of equity shares of face value of Rs. 10/- each aggregating to Rs. 502.0 million referred to as net offer to public. Of the total net offer to public, not more



than 50% shall be allocated on proportionate basis to Qualified Institutional Buyers (including 5% for Mutual Funds). Further, atleast 15% of the net offer to public shall be available for allocation on a proportionate basis to Non Institutional Bidders and atleast 35% of the net offer to public shall be available for allocation on a proportionate basis to Retail Bidders. Post the issue the shares will be listed on the Bombay Stock Exchange (BSE). The IPO proceeds are proposed to be used for part funding the expansion plans of the company.

February 2010

For further details please contact

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ICRA Limited

An Associate of Moody's Investors Service

Ref: D/RAT/2010-11/S-82/1

Date: August 13, 2010

Mr. Neeraj Jain
Chairman & Managing Director
Sea TV Network Limited
148, Mansa Nagar,
Shahganj, Agra -282010

Dear Sir,

Re: ICRA Grading of Initial Public Offer of Rs. 50.20 crore to be issued by Sea TV Network Limited to the Public ("IPO")

This is with reference to our earlier letter (Ref: D/RAT/2009-10/S-82/2) dated February 17, 2010 communicating the IPO grade 1 assigned to Rs. 50.20 crore proposed IPO of your company and your subsequent letter dated August 6, 2010 requesting ICRA for revalidation of the IPO grading. The Rating Committee of ICRA, after due consideration, has retained the "ICRA IPO Grade 1" (pronounced ICRA IPO Grade one) grading to the captioned IPO programme. This grading indicates poor fundamentals.

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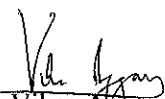
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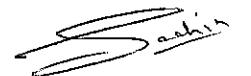
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With kind regards,

Yours sincerely,
for ICRA Limited


Vikas Agarwal
(Senior Vice President)



Sachin Sachdeva
(Analyst)