



Odisha Television Limited

Instrument	Amount Rated	Rating Action
Term Loan	Rs. 22.34 crore	Upgraded to [ICRA]A- (Stable) from [ICRA]BBB+ (Stable)
Fund Based Limits	Rs. 11.50 crore	Upgraded to [ICRA]A- (Stable) from [ICRA]BBB+ (Stable)

ICRA has upgraded the long term rating of the Rs. 22.34 crore* term loans and Rs. 11.50 crore long term fund based bank limits of Odisha Television Limited (OTL) to [ICRA]A- (pronounced ICRA A minus) from [ICRA]BBB+ (pronounced ICRA triple B plus)†. The outlook on the long-term rating is stable.

The revision in the rating primarily takes into account the increase in OTL's profitability and its healthy return on capital employed, which have, in turn, led to comfortable debt coverage indicators as well. With regular accretions to reserves and continued equity infusions, the capital structure has also improved and is likely to remain conservative going forward. Additionally, the rating also factors in the longstanding experience of OTL's promoters and the established market position of the company in the regional broadcasting industry in Odisha, which is supported to an extent by the ground distribution strengths derived by OTL from its group company, Ortel Communications Limited (Ortel), a multi system operator (MSO) in Odisha. However, the rating is constrained by the small scale of OTL's operations, notwithstanding the steady growth achieved in the past, the company's exposure to risks arising from economic cyclicalities, given its dependence on advertising-based revenues, and the increasing competition from national channels.

Company Profile

Odisha Television Limited (formerly known as Orissa Television Limited) (OTL) is engaged in the business of broadcasting services, and currently operates five Odia language channels – OTV, a news and current affairs (NCA) channel, Tarang, a general entertainment channel (GEC); Tarang Music, a music channel and Prarthana, a devotional channel; and the recently launched Alankar, a premium movie channel. The company also operates Desh TV, a Chhattisgarh based hindi language NCA. OTV was incepted as a cable channel in 1997, Tarang, was launched in November, 2006, Tarang Music was launched in April, 2009, Prarthana was launched in April, 2010, Desh TV was launched in January, 2013, and Alankar was launched in March, 2015. While OTV and Desh TV are free-to-air (FTA) channels, Tarang, Tarang Music, Prarthana and Alankar are pay channels.

Recent Results

During 2013-14, OTL recorded a profit after tax of Rs. 11.12 crore on the back of an operating income of Rs. 72.46 crore. In the first nine months of 2014-15, the company posted an operating income and net profit of Rs. 60.05 crore and Rs. 11.08 crore respectively.

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* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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