

Kalinga Media & Entertainment Private Limited

January 03, 2023

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+ (CE); Stable; [Double B Plus (Credit Enhancement); Outlook: Stable] @
Short Term Bank Facilities	4.63	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE A4+ (CE); [A Four Plus (Credit Enhancement)] @
Total Bank Facilities	9.63 (₹ Nine Crore and Sixty-Three Lakhs Only)		

Details of instruments/facilities in Annexure-1.

^backed by unconditional and irrevocable corporate guarantee of parent entity i.e., Kalinga Institute of Industrial Technology Society.

@ In line with RBI's circular and guidance note dated April 22, 2022 and July 26, 2022, respectively, CARE Ratings has removed the 'CE' suffix wherever the credit enhancement terms were not fully in compliance with the terms as per the RBI guidelines

Detailed rationale and key rating drivers

CARE had, vide its press release dated Sep 11, 2020, placed the rating(s) of Kalinga Media & Entertainment Private Limited (KMEPL) under the 'issuer non-cooperating' category as KMEPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. KMEPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated October 11, 2022 and October 21, 2022 among others.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Moreover, in line with RBI circular and guidance note dated April 22, 2022 and July 26, 2022, respectively, in the absence of structured payment mechanism, the credit enhancement approach is not being followed for rated facilities.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of lack of adequate information and uncertainty around the credit risk profile of the company. The rating derives strength from experienced promoter group, comfortable gearing ratios. The above strengths, are, however, offset by short track record of operations, moderation in financial performance, inherent high dependence on advertisement revenue and high competitive intensity in the news broadcasting space

Detailed description of the key rating drivers

Key Rating Weaknesses

Moderation in Financial performance: The total operating income of the company deteriorated to Rs. 15.53 crores during FY22 as against Rs. 17.61 crores during FY21. The EBIDTA margins was -1.17% during FY22 vis-à-vis 10.53 % during FY21.=

Inherent high dependence on advertisement revenue: The company's major source of income is through advertisements as it contributed 50% of the total revenue over the past years.

High competitive intensity in the news broadcasting space: Indian news broadcasting space is reflected by high degree of competitive intensity. With large number of channels competing for both viewership as well as limited corporate advertisement budget, there is huge focus on exclusive coverage of events, news collection from remote corners of the country and retention of journalistic talent. With launch of multiple new channels in all the segments there is significant competition for viewership

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

leading to increase in carriage fee. The carriage fee pay-out gets influenced by other existing/new channels which may have deep pockets. With digitalisation, multi-system operator (MSO) and other cable operators will be able to carry more channels leading to reduction of carriage fee.

Key rating strengths

Strong promoter group: Though the company has short track record of promoters, however it is a subsidiary of Kalinga Institute of Industrial Technology Society (KIIT) which enjoys good reputation in Eastern India, which is demonstrated by the high enrolment rate of around 96-98%. KIIT had a total strength of 26,205 students in Academic year 2018-19 in various undergraduate, post graduate and doctoral programs at its institutes located in Bhubaneswar, Odisha.

Comfortable leverage ratio: The capital structure of the company is comfortable marked by debt equity ratio of 0.05 times in FY22 as against 0.16 times in FY21. The overall gearing stands at 0.20 times in FY22 vis-à-vis 0.24 times in FY21.

Analytical approach: Standalone

Applicable criteria

Policy in respect of Non-cooperation by issuer

Policy on default recognition

Financial Ratios – Non financial Sector

Liquidity Analysis of Non-financial sector entities

Rating Outlook and Credit Watch

Short Term Instruments

Rating Methodology- Service Sector Companies

About the company

Incorporated in April, 2013, Kalinga Media & Entertainment Pvt. Ltd. (KMEPL) is promoted by Mr. Himansu Sekhar Khatua, Mr. Umapada Bose, Mr. Dwiti Chandragupta Vikramaditya and Mr. Satyendra Patnaik for setting up a free to air TV news channel viz. 'Kalinga TV.' The company commenced commercial operation from March 15, 2015. The channel is available on Pan India basis through Multi System Operators (MSO's). The channel is engaged in carrying on the business of TV news, direct telecast of news clippings and short films, develop and establish news and feature agency utilizing satellites or other media through its new TV channel 'Kalinga TV'. KMEPL is a subsidiary of Kalinga Institute of Industrial Technology Society (KIIT, having 97.56% holding). The company has two properties in Nayapalli, Bhubaneswar, one for office & other for studio.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	8MFY23 (Prov.)
Total operating income	17.61	15.53	NA
PBILDT	1.85	-0.18	NA
PAT	1.81	0.16	NA
Overall gearing (times)	0.24	0.20	NA
Interest coverage (times)	3.39	-0.41	NA

A: Audited; Prov: Provisional; NA: Not Available

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Disclosure of Interest of Independent/Non-Executive Directors/ Managing Director & CEO: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	January, 2022	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	4.63	CARE A4; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+(CE); Stable; ISSUER NOT COOPERATING* (15-Nov-21)	1)CARE BB+(CE); Stable; ISSUER NOT COOPERATING* (11-Sep-20)	1)CARE BBB+(CE); Stable; ISSUER NOT COOPERATING* (23-Mar-20) 2)CARE A(SO); Stable (02-Apr-19)
2	Fund-based - ST-Bank Overdraft	ST	4.63	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+(CE); ISSUER NOT COOPERATING* (15-Nov-21)	1)CARE A4+(CE); ISSUER NOT COOPERATING* (11-Sep-20)	1)CARE A3+(CE); ISSUER NOT COOPERATING* (23-Mar-20) 2)CARE A1(SO) (02-Apr-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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