Press Release

Insight Media City India Private Limited (IMC)
March 13, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	29.60 (Reduced from Rs. 40.00 crore)	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	IVR BB+/ Stable [IVR Double B Plus with Stable Outlook]	Rating Upgraded	Simple
Total	**29.60 (Rupees Twenty-Nine Crore and Sixty Lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade in the ratings assigned to the bank facilities of Insight Media City India Private Limited factors improvement in debt protection metrics and capital structure. Further, the rating continues to derive strength from experienced promoters & qualified management team, creative contents, continued healthy debt protection metrics and capital structure and modest revenue & profitability margins. The rating is however constrained by elongated receivables, capital intensive nature of business and high competition in the television broadcasting segment along with the rapid advancement in smartphone technology.

The stable outlook reflects the fact that the entity will continue to benefit from experienced promoters & qualified management team.

Out of the proposed Rs. 18.10 crore long term fund-based facility Rs. 8.10 crore is withdrawn based on the client request as the company has not proceeded with the facility as envisaged earlier. The rating withdrawn is in line with Infomerics' policy on withdrawal of rating.

Key Rating Sensitivities:

Upward Factors

- Increase in the GRP (Gross rating points) and viewership by providing better content would help to increase the advertisement revenue and thereby increasing the profitability.

- Significant contribution of revenue from other business segments leading to reduce the revenue concentration risk.

Downward Factors

- The continuous fall in GRP (Gross rating points) and/or viewership leading to decline in revenue and profitability.
- Increased stress on working capital cycle due to increase in receivables

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters & qualified management team**
  Mr. Sree Kandan Nair, Managing Director of IMC, is a well renowned television personality with over three decades of experience in the space. The senior management consists of people with long experience in the industry having worked with various other TV broadcasting companies. Insight Media City was an idea conceived by Mr. Sree Kandan Nair to create the first media city in India. He bought together a group of investors from Kerala and Middle East to establish IMC.

- **Creative contents**
  Ability of the team to come out with creative contents has enabled Insight Media to face healthy competition from existing strong players in the industry. Management of Insight Media 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. In the category of reality shows, Flowers bunched a variety of shows like Star Challenge, Smart Show, Comedy Super Nite and Indian Music League.

- **Continued healthy debt protection metrics and capital structure**
  The debt protection metrics of the company remained healthy marked by interest coverage ratio of 15.28x in FY24 (Audited) [refers to period April 1, 2023, to March 31, 2024] (FY23(Audited) [refers to period April 1, 2022, to March 31, 2023]: 14.75x). Further, total debt to NCA remained at 0.74 times as on March 31, 2024 (FY23: 0.96 times). The DSCR

as on 31st March 2024 stood at a comfortable 2.93x. The financial risk profile of the company is marked by healthy capital structure and debt protection metrics. The overall gearing of the company stood at 0.31x as on March 31, 2024 (FY23: 0.45x). The total indebtedness of the group reflected by TOL/TNW improved to 0.97x as on March 31, 2024 (FY23: 1.14x). The tangible networth has been adjusted for investment in group companies to the tune of Rs. 56.33 crore for both FY23 and FY24. The book tangible networth stood at Rs. 128.02 crore and Rs. 131.70 respectively for FY23 and FY24 whereas the adjusted tangible networth stood at Rs. 71.70 crore and Rs. 75.37 crore respectively for FY23 and FY24.

- **Modest revenue & profitability margins**

  IMC's total operating income has increased by 5.39% y-o-y in FY24 to Rs. 131.14 crore from 124.43 Crores in FY23. The company has seen an increase in the revenue from digital ads in FY24 to Rs. 21.18 crore (16.77% of total revenue) as compared to Rs. 16.14 crore (12.97% of total revenue) in FY23. However, the share of revenue from advertising dropped to 81.82% in FY24 as against 86.71% in FY23. Going ahead the company expects the revenue share to increase from digital platform. EBITDA margin stands comfortable at 25.69% in FY24 (FY23: 28.95%) while PAT margin stood at 1.99% in FY24 (FY23: 1.98%). IMC reported EBITDA of Rs. 33.70 crore and PAT of Rs. 2.61 crore in FY24 against Rs. 36.02 crore and Rs. 2.47 crore respectively in FY23. The reason for the fall in EBITDA is attributed to rise in competition and operational cost. The company has earned revenue of Rs. 92.31 crore during the period April 2024 to December 2024.

Key Rating Weaknesses

- **Elongated receivables**

  The company's total receivables for FY24 stands at Rs. 60.78 Crores, out of which Rs. 34.81 Crores i.e. 57.27% of total debtors is having a collection period of greater than 180 days (or 6 Months). The average collection period of total receivables stands at ~183 days in FY24 as against 204 days in FY23.

- **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 in order to attract more viewership.

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

  The media and entertainment industry remains related to the cyclicality in advertising spends by corporate. 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 will remain crucial. On a regional level the company faces competition from multiple broadcasters including Asianet (a southern media heavyweight). The ability of the company to ably fend off its competition and keep its revenues at a sustained level remains a key rating factor.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Companies.

Criteria on assigning rating outlook

Policy on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Financial Ratios & Interpretation (Non-Financial Sector).

Policy on withdrawal of ratings

Liquidity – Adequate

Insight Media City India Private Limited (IMC) liquidity remains adequate as evidenced by the firm's working capital utilization which stood at an average of ~ 81.83% against sanctioned limits for the last 12-month period till November 2024. The company is earning a comfortable level of Gross Cash Accruals (GCA) which stood at Rs. 31.57 crore as on March 31, 2024 and the same is expected to improve during the projected period with increase in scale of operations which is adequate to meet the repayment obligations. Cash & Bank Balances as on 31st March 2024 stood at Rs. 2.56 Crore. Current Ratio for the firm stood at 2.01 as on 31st March 2024.

About the Company

Insight Media City (India) Private Limited. (IMC) is a fast-growing Media Company promoted under Indian Companies Act – 1956 by a group of leading Media Persons with decades of experience. The company was incorporated on 21st March 2013 in Kerala, the southernmost state of India. The head quarter is located at Kochi, Kerala. The media city has 5 Strategic Business Units (SBUs) viz. TV Channels, Movies and FM Radio, Expo and Events, Education and Digital & Synergy (marketing) SBU. Under the television SBU, the group launched "Flowers TV", a General Entertainment Channel (GEC) and "24 News Channel"

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	124.43	131.14
EBITDA	36.02	33.70
PAT	2.47	2.61
Total Debt	32.38	23.31
Adjusted Tangible Net Worth	71.70	75.37
EBITDA Margin (%)	28.95	25.69
PAT Margin (%)	1.98	1.99
Adjusted Overall Gearing Ratio (x)	0.45	0.31
Interest Coverage (x)	14.75	15.28

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: CARE in its press release published on January 23, 2025 continued to classify the ratings under "Issuer Not Cooperating" due to non-availability of adequate information to review the rating.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					December 20, 2023	October 11, 2022	July 23, 2021
1.	Term Loan	Long Term	12.62*	IVR BBB-/ Stable	IVR BB+/ Stable	IVR D	IVR BBB-/ Stable
2.	WCTL	Long Term	4.98	IVR BBB-/ Stable	IVR BB+/ Stable	IVR D	IVR BBB-/ Stable
3.	Cash Credit	Long Term	12.00	IVR BBB-/ Stable	IVR BB+/ Stable	IVR D	IVR BBB-/ Stable
4.	Proposed Facility	Long Term	Withdrawn	Withdrawn	IVR BB+/ Stable	IVR D	IVR BBB-/ Stable

****Term Loan amounting to Rs. 10.00 crore has been sanctioned by the bank however the same has not been disbursed and utilized by the company.*

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About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	February 2027	2.62	IVR BBB-/Stable
Term Loan	-	-	-	120 months from disbursement	10.00	IVR BBB-/Stable
Working Capital Term Loan (WCTL)	-	-	-	October 2029	4.98	IVR BBB-/Stable
Cash Credit	-	-	-	-	12.00	IVR BBB-/Stable

Annexure 2: Facility wise lender details

https://www.infomerics.com/admin/prfiles/Len-Insight-Media-City-13mar25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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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