



Press Release

Insight Media City India Private Limited

October 11, 2022

Rating

Facilities	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Cash Credit	12.00	IVR D	Revised from IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Simple
Term Loan	24.15 (increased from 23.54)	IVR D	Revised from IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Simple
Proposed Fund Based Facilities	13.85 (reduced from 14.46)	IVR D	Revised from IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Simple
Total	50.00 (Rupees Fifty crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the rating assigned to the bank facilities of IMC takes into account on-going delays in the debt servicing due to cash flows mismatch. Further, Infomerics also takes a note of the experienced promoters and qualified management team, creative contents, revenue and profitability margins, continually elongated operating cycle, capital intensive nature of business and high competition in the television broadcasting segment along with the rapid advancement in Smartphone technology.

Key Rating Sensitivities

Upward Rating Factor

- Continuous timely servicing of debt obligations for at least 90 days.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and Qualified management team

Mr. Sreekandan Nair, Managing Director of Insight, is a well renowned television personality with over three decades of experience in the space. The senior management consists of people with long



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experience in the industry having worked with various other TV broadcasting companies. Insight Media City was an idea conceived by Mr. Sreekandan 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.

Modest revenue and profitability margins

IMC's Total operating income increased by 9.18% y-o-y in FY22 (Provisional) to Rs.102.00 crore (FY21: Rs.93.43 crore). EBITDA margin stood at 11.04% in FY22 (FY21: 12.15%) while PAT margin stood at 1.95% in FY22 (FY21: 0.88%). IMC reported EBITDA of Rs.11.26 crore and PAT of Rs.1.99 crore in FY22 against Rs.11.35 crore and Rs.0.83 crore respectively in FY21. Consequently, GCA improved to Rs.8.44 crore in FY22 from Rs.7.91 crore in FY21.

Key Rating Weaknesses

Elongated operating cycle

IMC's operations are working capital intensive in nature as its operating cycle stood at 115 days in FY22 from 103 days in FY21 led by average collection period of 256 days (FY21: 244 days), and average creditors period of 142 days (FY21: 140 days). Additionally, the company had an average peak utilization of 98.95% in the last 12 months ended July, 2022.

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 and licenses along with requirement of infrastructure and equipment. Further, the company also invests significantly in content creation in order to attract more viewership.



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High competition in the television broadcasting segment along with the rapid advancement in Smartphone technology

The media and entertainment industry remains related to the cyclical nature 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:

[Default Recognition Policy](#)

[Rating Methodology for Service sector entities](#)

[Financial Ratios and Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

Liquidity – Poor

The liquidity position of IMC is poor, as the company was not able to repay its scheduled debt obligations in timely manner and there are on-going delays in repayment of its debt obligation. Cash and bank balance stood at Rs.0.11 crore as on March 31, 2022. Current ratio and quick ratio stood at 1.99x each as on March 31, 2022 against 2.07x each as on March 31, 2021.

About the Company

Insight Media City India Pvt. Ltd. (IMC) is a Media Company promoted under Indian Companies Act, 1956. The company was incorporated on March 21, 2013, in Kerala, the southernmost state of India. Mr. Sreekandan Nair, Managing Director of Insight. The major objective of the company is to establish the First Indian International Media City in Kochi. The project has five zones namely Television, Digital and Synergy, Education, Movie and FM radio, and Expo and Events. Each zone will be separate profit centre with mutually supportive infrastructure.



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Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	93.43	102.00
EBITDA	11.35	11.26
PAT	0.83	1.99
Total Debt	49.08	43.30
Tangible Net worth	119.53	123.41
Ratios		
EBITDA Margin (%)	12.15	11.04
PAT Margin (%)	0.88	1.95
Overall Gearing Ratio (x)	0.41	0.35

*Classification as per Infomerics' standard

Status of non-cooperation with previous CRA: CARE has continued to classify the rating of IMC into the ISSUER NOT COOPERATING category as the company did not cooperate, vide press release Press Release dated September 03, 2021.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (PR dated July 23, 2021)	Date(s) & Rating(s) assigned in 2020-21 (PR dated April 21, 2020)	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	12.00	IVR D	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Term Loan	Long Term	24.15	IVR D	IVR BBB-/Stable	IVR BBB-/Stable	-
3.	Proposed Fund Based Facilities	Long Term	13.85	IVR D	IVR BBB-/Stable	IVR BBB-/Stable	-



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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	12.00	IVR D
Term Loan	-	-	Up to December 2025	24.15	IVR D
Proposed Fund Based Facilities	-	-	-	13.85	IVR D

Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-insight-media-oct22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

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.