



Press Release

Insight Media City (India) Private Limited (IMC)

December 20, 2023

Ratings:

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Bank Facility- Term Loan	9.90 (Reduced from 20.78)	IVR BB+ / Stable (IVR Double B Plus with Stable Outlook)	Revised	Simple
Long Term Fund Based Bank Facility – Cash Credit	12.00	IVR BB+ / Stable (IVR Double B Plus with Stable Outlook)	Revised	Simple
Long Term Fund Based Bank Facility – Proposed	18.10 (Increased from 13.85)	IVR BB+ / Stable (IVR Double B Plus with Stable Outlook)	Revised	Simple
Total	40.00	Rupees Forty Crores Only		

Details of Facilities are in Annexure 1

Detailed Rationale:

The revision of the to the bank facilities of Insight Media City (India) Private Limited (IMC) reflects timely servicing of the debts since April 2023. This was majorly due to better management of cash conversion cycle. Further, the rating continues to derives strength from experienced promoters & qualified management team, creative contents and continued healthy capital structure and debt protection metrics combined with modest revenue and profitability margins.

The rating however is 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.



Press Release

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 revenue & profitability.
- Significant contribution of revenue from other business segment 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 & profitability
- Increased stress on working capital cycle due to increase in receivables.

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.



Press Release

Continued healthy capital structure and debt protection metrics:

IMC's Overall gearing ratio stood at 0.25x while TOL/TNW stood at 0.64x as on March 31, 2023 as against 0.35x and 0.73x respectively as on March 31, 2022. IMC's Total debt stands reducing YoY due to repayments of debt and the tangible net worth has increased YoY, which helped to improve Overall Gearing Ratio from 0.35x in FY22 to 0.25x in FY23. Debt protection metrics as marked by interest coverage ratio improved to 14.76x in FY23 from 12.36x in FY22 led by increase in operating profits. This shows that the company's debt protection metrics have improved and tends to be stable in the long term.

Modest revenue & profitability margins:

IMC's Total operating income is increased by 22% y-o-y in FY23 to Rs.124.43 crore from 102.00 Crores in FY22. The company has seen an increase in the revenue from Advertising and digital ads in FY23, both combined has 99.67% of share in the revenue. EBITDA margin stands comfortable at 29% for FY 23 (35% for FY22) while PAT margin stood at 1.98% in FY23 (FY22: 1.95%). IMC reported EBITDA of Rs.36.02 crore and PAT of Rs.2.47 crore in FY23 against Rs.35.14 crore and Rs.1.99 crore respectively in FY22. The company PAT has been impacted due to writing off bad debts around 4.5Crores in FY23.

Key Rating Weaknesses:

Elongated Receivables:

The company's total receivables for FY23 stands at Rs. 63.12 Crores, out of which Rs. 38.98 Crores i.e. 56% 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 204 days in FY 23 as against 256 days in FY22.

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



Press Release

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 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 Companies](#)

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

[Criteria for rating outlook](#)

Liquidity-Adequate

The liquidity position of the company remains adequate with Current ratio and Quick Ratio stood at 1.97x each in FY 2023. The cash and bank balances stood at Rs. 0.12 Crores in



Press Release

FY23 as against Rs.0.11 in FY22. The average working capital utilization stands at 92% for the past 12 months ending November 2023.

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

For the year ended / INR Crore*	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	102.00	124.43
EBITDA	35.14	36.02
PAT	1.99	2.47
Total Debt	43.30	32.37
Tangible Net Worth	123.41	128.01
Ratios		
EBIDTA Margin (%)	34.45	28.95
PAT Margin (%)	1.95	1.98
Overall Gearing Ratio (x)	0.35	0.25

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: CARE in its press release published on December 18, 2023 continued to classify the case under “Issuer Not Cooperating” due to non-availability of adequate information to review the ratings.



Press Release

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (PR dated October 11, 2022)	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)
1.	Long Term Fund Based Bank Facility- Term Loan	Long Term	9.90 (Reduced from 20.78)	IVR BB+/ Stable	IVR D	IVR BBB- /Stable	IVR BBB- /Stable
2	Long Term Fund Based Bank Facility – Cash Credit	Long Term	12.00	IVR BB+/ Stable	IVR D	IVR BBB- /Stable	IVR BBB- /Stable
3	Long Term Fund Based Bank Facility – Proposed	Long Term	18.10 (Increased from 13.85)	IVR BB+/ Stable	IVR D	IVR BBB- /Stable	IVR BBB- /Stable

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Press Release

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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.

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Press Release

of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facility- Term Loan	-	-	-	4.12	IVR BB+ / Stable
Long Term Fund Based Bank Facility- GECL	-	-	-	5.78	IVR BB+ / Stable
Long Term Fund Based Bank Facility – Cash Credit	-	-	-	12.00	IVR BB+ / Stable
Long Term Fund Based Bank Facility – Proposed	-	-	-	18.10	IVR BB+ / Stable

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-InsightMedia-dec23.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