

## RATING RATIONALE

20 July 2020

### Malayalam Communications Limited

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of ₹ 80.70 Crores of Malayalam Communications Limited (MCL or “The Company”) based on best available information, as the issuer did not cooperate.

#### Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (July, 2019)	Present
Fund based	80.70	80.70	Long Term	BWR BBB-/Stable [Downgraded] Issuer Not Cooperating*	BWR BB/ Stable [Downgraded] Issuer Not Cooperating*
<b>Total</b>	<b>80.70</b>	<b>80.70</b>	<b>INR Eighty crores and Seventy Lakhs Only</b>		

# Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\* Issuer did not cooperate, based on best available information.

Details of Bank facilities is provided in Annexure-I

**RATING : Downgraded and continues to remain in the ‘Issuer Not Cooperating’ category.**

#### NATURE OF NON-COOPERATION:

The rating was due for review in July, 2020. BWR took up with the issuer to provide required information over emails and through telephonic communication. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer’s financial performance and its ability to service its debt and maintain a valid rating. Further, in accordance with SEBI circular dated 3rd January 2020, the outstanding rating of the company has been further downgraded to non-investment grade under the ‘Issuer Not Cooperating’ category

#### LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.



**COMPANY PROFILE (Information available as of 4th January 2018)**

Malayalam Communications Limited was incorporated in 2000 and is a Television Broadcasting Company with its registered office in Thiruvananthapuram. It operates four Malayalam Channels KAIRALI, 'PEOPLE' the 24 hours Malayalam news channel launched in August 2005, 'WE' the youth channel launched in April 2007, 'KAIRALI ARABIA', the Malayalam GEC, which has downlink only in Middle East Asian Nations was launched in March 2015. The Company is promoted by Mr. P. I. Mohammed Kutty (alias Mammooty), a renowned actor in the Malayalam Film industry. The company has a unique shareholding pattern with around 99.50% of the shares held by over seventy thousand individual shareholders, which was raised by the Company through private placement. Mr. John Brittas is the Managing Director of the Company. He is a renowned journalist with rich experience in television and broadcasting industry. The average viewership over the last three years has been over two million.

**Key Financials Indicators (As per publicly available sources)**

Key Parameters	Units	FY2018	FY2019
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	61.69	62.10
EBITDA	Rs. Crs	36.27	35.12
Profit After Tax	Rs. Crs	0.58	1.27
Tangible Net worth (TNW)	Rs. Crs	93.45	105.26
Total Debt/ TNW	Times	0.90	0.82

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NONE**

**ANY OTHER INFORMATION:** Not Applicable

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]**

Instrument / Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	19 <sup>^</sup> July, 2019	04 Jan 2018	2017
Fund Based	Long Term	80.70	BWR BB/ Stabl [Downgraded] Issuer Not cooperating*	BWR BBB-/ Stable [Downgraded] Issuer Not cooperating*	BWR BBB/ Stable [Reaffirmed]	-
<b>Total</b>		<b>80.70</b>	<b>INR Eighty crores and Seventy Lakhs Only</b>			

\* Issuer not cooperating, based on best available information.

<sup>^</sup>Rating moved to Not Reviewed Category in April 2019.

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What constitutes Non-Cooperation](#)
- [Rating Criteria for Service Sector](#)

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## ANNEXURE I

Malayalam Communications Limited

### Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Syndicate Bank	Overdraft	46.60	-	46.60
2.	(Now Canara Bank)	Term Loan	34.10	-	34.10
<b>TOTAL</b>					<b>80.70</b>

**Total Rupees Eighty Crores and Seventy Lakhs only.**

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