

February 23, 2026

Mallemaala Entertainments Private Limited: Rating upgraded to [ICRA]BBB- (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	24.60	24.60	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+(Stable)
Long-term - Fund-based - Term loan	7.40	7.40	[ICRA]BBB- (Stable); upgraded from [ICRA]BB+(Stable)
Total	32.00	32.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade reflects a healthy increase in operating profit margin (OPM) and debt protections metrics of Mallemaala Entertainments Private Limited (MEPL) in the last 2-3 years and is expected to sustain in near future as well. MEPL operates in two divisions, media entertainment and poultry divisions with almost equal revenue contribution. The company has been reporting healthy OPM in the media division while there has been a revival in profit margin from FY2024 on account of various cost rationalisation measures and improved demand outlook for poultry products. The rating further considers MEPL's established track record of more than three decades in the entertainment industry and its established relationship with the sole customer in the media segment, ETV Network. While MEPL's revenues moderated by 2.6% on a YoY basis in FY2025 to Rs. 128.7 crore, its OPM expanded by 310 bps to 15.1% in FY2025 over 12.0% in FY2024, supported by improved gross contribution levels, mainly in the poultry business, driven by better price realisations. Going forward, the revenues are expected to be supported by the strong popularity of MEPL's flagship shows on ETV Network and addition of new shows, coupled with expected steady performance of the poultry division.

The rating, however, remains constrained by the company's modest and stagnant scale of operations and high customer concentration in the media as well as poultry divisions. It has a high customer concentration in the poultry division as entire revenues derived from the egg sales to a local trader, National Egg Stores. Moreover, it sells television content exclusively to ETV Network. However, MEPL's established relationship with its customers, and satisfactory performance of its shows mitigate the risk to an extent. The profitability in the poultry segment remains exposed to volatility in the price of eggs and feed prices. Any fluctuation in prices of the key agro commodities impacts the profitability adversely, as witnessed in the past. The rating also considers the competition faced by MEPL from other content producers (television and digital media) in the entertainment industry.

The Stable outlook on the long-term rating reflects the expected improvement in revenues, with sustenance of the profitability margins on the back of steady performance of its media business and favourable realisation for its poultry products in the near term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further increase the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Established track record in content production – MEPL has a long track record of more than three decades in the entertainment industry. It primarily produces television content including daily soaps, dance shows, comedy shows, seasonal

events, etc. The company has successfully produced various television shows in Telugu, Kannada, Marathi, Bengali, Gujarati and Oriya languages. The company has also been in the poultry business over the last decade, which turned profitable in FY2024.

Established relationship with ETV Network and strong popularity of flagship shows to support revenues – MEPL’s portfolio comprises television shows across different genres with a current portfolio of around 15 shows that are exclusively telecast on one of the major Telugu general entertainment channels, ETV, and its associate channels, ETV Plus and ETV Abhiruchi. The promoters have a long-standing relationship with Eenadu Television Private Limited (ETPL; 50.94% subsidiary of Ushodaya Enterprises Private Limited) resulting in continued collaboration over the years. Though there is no exclusivity agreement, the company is expected to develop new content for the network over the medium term, which is likely to support its revenues. Further, continued popularity of MEPL’s flagship shows have resulted in steady revenues, over the years, for the entertainment division.

Comfortable coverage indicators – There has been healthy increase in earnings in the last 2-3 years backed by improved price realisation in the poultry division and better contribution levels. Further, given the relatively low dependence on working capital limits and improved earnings, the coverage indicators and the working capital cycle remain comfortable. Its debt protection metrics remained healthy, characterised by Total Debt/OPBDITA of 1.6 times and an interest coverage ratio of 7.6 times in FY2025, compared to 2.2 times and 4.8 times, respectively, in FY2024.

Credit challenges

Modest scale of operations – The scale remains modest with an operating revenue of Rs. 128.7 crore in FY2025, which had marginally declined from Rs. 132.1 crore in FY2024 owing to reduction in egg sales volumes. The revenue is expected to increase gradually over the medium term, supported by the addition of new shows in the entertainment segment and favourable table prices for eggs in the poultry division.

High customer concentration – The company has high customer concentration in the poultry division as it derives its entire revenues from the sale of table eggs to a local trader, National Egg Stores. Moreover, it sells television content exclusively to ETV Network. MEPL faces competition in the entertainment industry from other television shows of similar genres, along with the growing popularity of over-the-top (OTT) and digital content. However, MEPL’s established relationship with ETV, and satisfactory performance of its shows mitigate the risk to an extent.

Low profitability margins in poultry division although YoY improvement – The profitability in the poultry segment is exposed to volatility in the price of table eggs and feed prices. Maize and soya are the major raw materials for feed, which accounts for about 80% of raw material consumption in the poultry segment. However, the company has reported improved gross margins in FY2024 and FY2025 with softening of input prices and high table egg prices in the poultry segment. The same is expected to sustain, going forward, resulting in the healthy margins for the company.

Liquidity position: Adequate

The liquidity position of the company is expected to remain adequate, supported by the buffer available in working capital limits and an expected steady net generation from business. The average utilisation of fund-based limits stood at around 71% during January–December 2025. The company has modest repayment obligations of about Rs. 1.7 crore each in FY2026 and FY2027, which are likely to be serviced comfortably through fund flows from operations. ICRA expects MEPL to be able to meet its near-term working capital requirement through internal cash flow generation and available working capital limits. The company does not have any major debt funded capex plan in the near future.

Rating sensitivities

Positive factors – ICRA could upgrade the company’s ratings if the company demonstrates a healthy increase in its earnings, leading to improvement in debt protection metrics on a sustained basis, while maintaining an adequate liquidity position.

Negative factors – ICRA could downgrade the ratings of the company if there is a significant decline in revenues and earnings or elongation of working capital cycle, or any largely debt-funded capex adversely impacting the liquidity position and debt protection metrics on a sustained basis. Specific credit metrics for a downgrade include an interest cover of less than 2.8 times

on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the rating, ICRA has considered the standalone financials of MEPL.

About the company

Incorporated in 1992, MEPL produces television content exclusively for ETV Network. It also has a poultry layer farm with a 6-lakh bird capacity and a feed plant with an installed capacity of 8 tonnes per hour. The poultry business was acquired from a Group entity, Mallemaala Agro Private Ltd., in 2016. The company's operations are handled by Mr. M. Shyam Prasad Reddy and family. It was originally promoted by Mr. M. S. Reddy, who had produced 28 feature films in Telugu and many television programmes in Telugu, Kannada, Marathi, Bengali and Oriya languages. MEPL also has its own post-production studio, Shabdhalaya, in Hyderabad.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	132.1	128.7
PAT	4.2	9.9
OPBDITA/OI	12.0%	15.1%
PAT/OI	3.2%	7.7%
Total outside liabilities/Tangible net worth (times)	1.3	1.0
Total debt/OPBDITA (times)	2.2	1.6
Interest coverage (times)	4.8	7.6

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.
 PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA

CRISIL, in its rationale published on Mallemaala Entertainments Private Limited, dated January 31, 2026, continued the ratings on Issuer Not Cooperating category at CRISIL B/Stable based on best available information.

Any other information

None

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 23, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based - Term loan	Long-term	7.40	[ICRA]BBB-(Stable)	Nov 22, 2024	[ICRA]BB+ (Stable)	Aug 11, 2023	[ICRA]BB+ (Stable)	May 13, 2022	[ICRA]BB+ (Stable)
						Mar 11, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING		
Fund-based - Cash credit	Long-term	24.60	[ICRA]BBB-(Stable)	Nov 22, 2024	[ICRA]BB+ (Stable)	Aug 11, 2023	[ICRA]BB+ (Stable)	May 13, 2022	[ICRA]BB+ (Stable)
						Mar 11, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Long-term - Fund-based - Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2022	NA	FY2027	7.40	[ICRA]BBB- (Stable)
NA	Cash credit	NA	NA	NA	24.60	[ICRA]BBB- (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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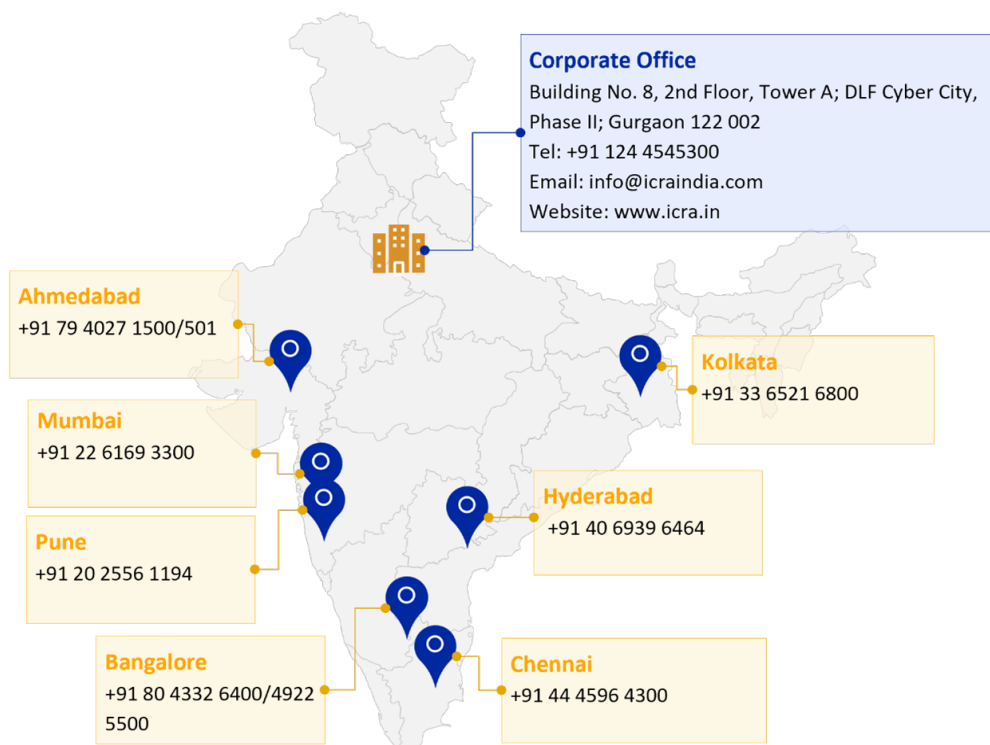


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