



Press Release

Manipal Media Network Limited

May 05, 2023

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	33.61	IVR BBB- /Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	10.00	IVR A3 [IVR A Three]	Assigned	Simple
Total	Rs.43.61 (Rupees Forty-three Crore and sixty-one lakhs Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Manipal Media group derives strength from extensive experience of the promoters, Strong market presence in Karnataka of Manipal Media Network Limited (MMNL), proven project execution capability and healthy order book of Manipal Energy and Infratech Limited (MEIL) and the group's diversified business operations. . The rating is however constrained on account of the group's working capital intensive operations, its high dependence on advertisement revenue, and tender driven nature of business in highly fragmented and competitive construction sector and moderate financial risk profile.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.
- Improvement in working capital cycle

Downward Factors



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- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Deterioration in liquidity profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters:

The promoters of the company have an experience of over decades in the industry and have strong understanding of the market dynamics which has helped them to establish good business relationships. The company is well supported by second line of management. The extensive experience of the promoter and emerging presence of the company in the said industries have helped the company to maintain regular flow of revenues.

Strong market presence in Karnataka

MMNL began its operation in January 1970 and has presence across print media, online portals, publications and event management. It publishes Kannada newspaper by name of “Udayavani” with editions from Manipal, Bengaluru, Hubli, Gulbarga, Davanagere and Mumbai. In terms of daily newspaper circulation, the Udayavani print is a market leader in Coastal Karnataka with 57% overall market share. Manipal Digital Network Limited (MDNL) is the digital wing of the Manipal Media Network Limited, that has portfolios consisting of website, e-paper, mobile apps and e-magazines. Udayavani.com is a news website under MDNL and commands leadership position among Kannada news website globally. In terms of Advertisement Space, Udayavani is a market leader in Coastal Karnataka with 36% overall market share.

As per latest Data Udayavani.com has 21.57 lakh users per month with 142.11 lakh page views per month. Udayavani E-paper has 1.64 lakh users per month with 101 lakh page views per month. Whereas, on YouTube it has 68.69 Lakh viewers per month.

Diversification in Business Operations:

Manipal group has its presence in print as well as in EPC sector, further Manipal Media Network Limited derives its revenues from three sources – 1) Sale of Newspaper & Periodicals 2) Advertisement and 3) Job Work Printing (Printing of Newspaper for other Publications).



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MMNL has their own magazines named as a Taranga, Roopatara, Tushara some of them are category leaders. The company is currently having six main Newspaper editions viz Manipal, Bangalore, Hubli, Gulbarga, Davangere & Mumbai along with several sub-editions. Print media remains a major revenue driver, with the contribution of about 65.10% to the overall revenue in FY22. Over the years, the group has expanded in the advertisement revenue. The company is planning to scale up its digital business by foraying into new product segments, which would likely increase its overall contribution to the revenue. MMNL accounted for 43% of the group's revenues in FY22.

Key Rating Weaknesses

Moderate financial risk profile

The advertisement revenue, which comprises majority of the total revenue, has high correlation with economic growth. The lockdown and weak economic activity in the first half of fiscal 2021 had led to a significant drop in ad revenue. Therefore, improved by 79% and stood at Rs. 210.42 Cr in FY22 audited as against Rs. 117.50 Cr in FY21 as a result of overall growth in business for Media and EPC division. Similarly, the PAT margin improved to 10.77% in FY22 from that of 8.38% in FY21 as a result of increase in other income ~ interest on inter-corporate loans and overall growth in top-line. Overall gearing for the company stood comfortable and marginally improved to 0.60x as on FY22 as against 0.63x in FY21. The total indebtedness reflected by TOL/TNW stood at 1.09x as on FY22 as against 0.96x in FY21. Current ratio stood comfortable at 1.41x in FY22 indicating liquidity to meet near term liabilities. DSCR improved because of improvement in profitability and further improved GCA. It stood at 2x in FY22 improving from 0.88x in FY21.

Working capital intensive operations

At a consolidated level group operations are working capital intensive in nature as reflected by its Operating cycle (days) of around 93 days as on March 31, 2022 (Audited). The average collection period (days) remains high at 175 days in FY22 however improved from 202 days in FY21. Also, the creditor days remained higher at 117 days in FY22 as against 114 days in FY21. This has led to higher reliance on working capital borrowings and it utilised at an average of 62 per cent.

High dependence on advertisement revenues



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The cover price of the newspaper covers a part of the newspaper publishing cost. The group, like all other print media companies, is heavily dependent on the advertisement revenues to drive growth and profitability. In last two fiscals ending, the contribution of the advertising revenues to group's total operating income has remained within the range of 60%-70%. The advertisement revenues, in turn, are directly linked to the growth of the economy and is a function of the advertisement spending. Thus, the growth in the revenue and profitability of MMNL is vulnerable to the economic cycles and any reduction in advertising income due to downturn in economy may adversely affect the profitability of the group.

Analytical Approach: Consolidated

For arriving at rating, Infomerics has taken consolidated view of Manipal Media Network Limited - (MMNL) and its wholly owned subsidiaries namely, Manipal Energy and Infratech Limited (MEIL), Manipal Digital Network Limited, Manipal ACE Event Management Company Pvt. Ltd. together referred to as "Manipal Group", based on common promoters/management, cash flow fungibility and strong financial linkages between these entities. Further, MMNL has provided corporate guarantee for the bank loans availed by MEIL to its lender (Canara Bank). Infomerics has analysed the consolidated financial statements to arrive at the ratings.

(Extent of consolidation: Full)

Applicable Criteria:

[Criteria for assigning rating outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

Liquidity – Adequate

Liquidity position of the group is expected to remain adequate in the near-term mark by its expected cash accruals in the range of ~Rs. 10 to 22 Crores with repayment obligation to the tune of Rs. 3.77 Cr. in projected tenure. The current ratio of the group stood comfortable at 1.41x and the quick ratio at 1.33x in FY22. The group had cash & cash equivalents of 10.39 Crore as on 31 March 2022. The MMNL's utilization of the bank limits was ~55% over the last 12 months ended Feb-2023 indicating adequate liquidity buffer.



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About the Company

Manipal Media Network Limited is operating as a holding company for Manipal Group. Manipal Media Network Limited (MMNL) is Public (Unlisted) company, headquartered in Manipal. It began its operation in January 1970. The company is engaged in publishing daily newspaper in Kannada by name of “Udayavani” with editions from Manipal, Bengaluru, Hubli, Gulbarga, Davanagere and Mumbai. It has a pan-Karnataka presence. MMNL stepped into the digital media in 1997 by launching the first Kannada news portal, www.udayavani.com, followed by the launch of pay sites for Roopatara and Taranga, thus moving towards cementing its presence in the digital sphere. Initially, it was named as Manipal Entertainment Network Ltd, which is presently called as Manipal Digital Network Ltd (MDNL). Through the NewsHunt platform, Udayavani is today among the top fifty newspapers in India to make available the latest news on the mobile handset.

Manipal Energy and Infratech Limited (MEIL) is an EPC company, a 100% subsidiary of Manipal Media Network Limited, established in the year 2011. The company focus on providing Engineering, Procurement & Construction services to large government and private organisations.

Financials (Consolidated)*:

(Rs. Crore)

For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	117.50	210.42
EBITDA	12.56	27.36
PAT	10.56	23.83
Total Debt	141.24	148.14
Tangible Net worth	224.19	248.23
EBITDA Margin (%)	10.69	13.00
PAT Margin (%)	8.38	10.77
Overall Gearing Ratio (times)	0.63	0.60

*Classification as per Infomerics standards

Financials (Standalone)*:

(Rs. Crore)



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For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	77.67	90.18
EBITDA	11.66	17.23
PAT	7.42	12.96
Total Debt	121.47	125.16
Tangible Net worth	85.63	98.76
EBITDA Margin (%)	15.01	19.10
PAT Margin (%)	8.43	12.66
Overall Gearing Ratio (times)	1.42	1.27

**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

		Current Ratings (Year 2023-24)			Rating History for the past 3 years		
Sr. No.	Name of Instrument / Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
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1.	Long Term Bank Facilities	Long Term	33.61	IVR BBB-/Stable Outlook	–	–	–
2.	Short Term Bank Facilities	Short Term	10.00	IVR A3	–	–	–

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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



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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

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal 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 (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Fund Based – Term Loan	–	–	December 2028	4.80	IVR BBB- /Stable Outlook
Long Term – Fund Based – Term Loan	–	–	September 2027	11.00	IVR BBB- /Stable Outlook
Long Term – Fund Based – GECL	–	–	January 2025	2.80	IVR BBB- /Stable Outlook
Long term Bank Facilities – Cash Credit	–	–	Repayable on demand	15.00	IVR BBB- /Stable Outlook
Short term Bank Facilities – Letter of Credit	–	–	-	10.00	IVR A3



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Annexure 2: List of companies considered for consolidated analysis:

Name of the company	Consolidation Approach
Manipal Media Network Limited	100%
Manipal Energy and Infratech Limited	100%
Manipal Digital Network Limited	100%
Manipal ACE Event Management Company private limited	100%

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-manipal-media-may23.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.