

The Malayala Manorama Company Private Limited

January 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	124.82 (Enhanced from 122.94)	CARE AA; Stable	Reaffirmed
Short-term bank facilities	15.60	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities of The Malayala Manorama Company Private Limited (TMMC) continues to derive strength from the long operational track record of TMMC, strong editorial & management team, and the leadership position of 'Malayala Manorama' among regional language (non-Hindi, non-English) dailies in the country. The ratings continue to positively factor in the strong financial risk profile characterised by low leverage, strong debt coverage indicators, and robust liquidity position. TMMC posted Total Operating Income (TOI) of ₹1,206 crore in FY24, which is largely in line with the TOI of ₹1,212 crores in FY23, the stagnation in revenue is largely attributable to lower advertisement spendings by corporates and drop in circulation revenue.

CARE Ratings Limited (CARE Ratings), expects the TOI for FY25 to be in line with FY24, on account of muted growth in circulation revenue and marginal growth in the advertisement revenue. The PBILDT margins are however expected to improve on account of fall in newsprint cost in the domestic as well as the international market, and hike in cover prices taken in the month of September 2024.

The above rating strengths are, however, partially tempered by profitability margins susceptible to volatility in newsprint prices and economic cycles, TMMC's dependence on a single publication catering to a semi-saturated Kerala market for bulk of its revenues, and regional nature of the operations confined largely to Kerala and increasing competition from alternate media platforms resulting in gradual reduction in circulation. CARE Ratings also notes the consistent decline in number of copies in circulation during FY20 to FY24 for TMMC and overall gradual shift in the preference of people towards for digital mode of news, thus impacting its future growth prospects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in circulation and advertisement revenue and diversifying revenue streams from digital media platform leading to substantial increase in market share/readership.
- To maintain the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 18% on a sustained basis.

Negative factors

- Significant decline in the operating margins below 10%.
- Significant increase in debt and/or utilisation of cash balance resulting in change in the net debt negative position of the company.

Analytical approach: Consolidated, considering the fact that TMMC holds 100% stake in MM TV Pvt Ltd, and it has also extended loans and advances as and when required. The subsidiaries considered for consolidation are provided in Annexure-6.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that the company will continue to derive benefits from the existence of experienced promoters and management team and a strong brand image.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Leadership position of 'Malayala Manorama' daily among regional language dailies in the country

Malayala Manorama (MM) daily is the largest circulated regional language daily in the country and the second-largest circulated newspaper across all languages in terms of average daily circulation. CARE Ratings notes that MM's circulation was 1.80x of its nearest regional competitor, Mathrubhumi, in Kerala during January 2023 to December 2023 period as against 1.77x in July 2022 to December 2022.

Strong editorial and management team

The promoters are actively involved in the day-to-day operations of the newspaper. Chief Editor, Mammen Mathew, has been with this newspaper for over four decades. The management functions are looked after by professionals, who have been with TMMC for more than two decades. MM daily, being the leading newspaper in Kerala, has been able to put together a well-qualified and experienced journalist team over the years. TMMC has a cordial relationship with its employees, with many of them being associated with the company for an extensive period.

Operational performance supported by advertisement revenue

The revenue profile of the company comprises advertisement revenue as well as circulation revenue (65:35). The company reported TOI of ₹1,206 crore in FY24 as compared to ₹1,212 crore in FY23. Circulation revenue was ₹441 crore in FY24, a decline by 2.43% compared to FY23 largely due to fall in circulation copies. The company undertakes regular hike in its cover prices to support circulation revenue and high newsprint prices. Last hike in cover price was taken in September 2024, with price per copy of ₹9.00 and ₹9.50 for weekday and weekends, respectively. The company reported advertisement revenue of ₹771 crore in FY24 with major contributing sectors like automobile, real estate, jewellery, and healthcare among others.

Financial risk profile continues to remain robust

CARE Ratings notes that TMMC continues to maintain robust capital structure and strong coverage indicators with low reliance on debt. The capital structure of TMMC is marked by a robust net worth base of ₹1,210.80 crore and overall gearing of 0.17x as on March 31, 2024 (PY: 0.20x). The debt coverage indicators continued to remain robust, marked by interest coverage ratio of 4.7x in FY24 (PY:5.6x). TMMC stands net debt free as on March 31, 2024.

Key weaknesses

Operating margins have declined despite reduction in raw material cost

The PBILDT margins for FY24 have been moderated to 10.15% as compared to 11.33% in FY23, the decrease was attributable to higher employee cost with similar revenue levels in FY24. Despite the prices of newsprint which consist ~31% of operational cost, came down from its peak of US\$1,000 per metric tonne during the pandemic period to US\$530 in H1FY25, the impact of such decrease on the operating margins was not visible in H1FY24 on account of high cost inventory with the company. The impact of newsprint cost gradually started to be visible from H2FY24 with overall annual decline of 7% Y-o-Y and have further declined by 23% in H1FY25. However, CARE Limited notes that the circulation income of the company entirely covers the newsprint cost.

Particulars	FY20	FY21	FY22	FY23	FY24	H1FY25
Total newsprint cost (in ₹ crore)	320	175	223	362	337	123
Newsprint cost per copy (B) (in ₹/copy)	3.76	2.31	3.1	5.32	5.27	4.07
% increase in Newsprint cost	-6%	-38%	34%	71%	-7%	-23%

Dependence on single publication catering to a semi-saturated Kerala market for bulk of revenues

The key publication of TMMC is MM daily, which contributes to majority of MM's total income. Being a regional language daily, MM has a major presence in the Kerala market. Nevertheless, it also caters to the Malayalee population in all major metros of the country as well as in the Middle East. Given high literacy levels in the state of Kerala, circulation growth in the overall market is likely to be limited in the long run.

Increasing competition from alternate media platforms resulting in gradual reduction in circulation

Owing shift to digital content, average number of copies in circulation are depicting a declining trajectory across the industry. Number of copies circulated is reducing gradually for the company in line with the industry.

Dailies	Language	January- June 2020	July- September 2021	July 2021- September 2022	January- June 2022	July- December 2022	January- December 2023
MM	Malayalam	21.54	20.43	19.88	19.71	19.20	18.16

Source: Audit Bureau of Circulations

During FY24, average copies circulated were 1,789,000, and the same has come down to 1,690,000 as on September 30, 2024. The company's significant revenue is dependent on advertisement and circulation. Owing to the shift in trend, CARE Ratings expects the revenue of the company to gradually come down over a period of time.

Liquidity: Strong

TMMC is expected to generate gross cash accrual of ₹129.83 crore against which there is debt repayment obligation of ₹54.67 crore. Additionally, cash and cash equivalent balance of ₹534.53 crore (of which ₹90.94 crore is lien marked towards FD-backed OD facility) provide support to the company's liquidity position and majority of which has been maintained in bank as short-term deposits. The average working capital utilisation for past 12 months ended October 2024 stood at 30.65% owing reduction in newsprint prices during the year. On a consolidated level, company is expected to do capex of ₹65.62 crore in FY25.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Media, entertainment & publication	Media	Print media

TMMC is engaged in printing and publication of news daily and other magazines. TMMC's main daily, Malayala Manorama, is the most widely circulated regional daily in India. TMMC was founded by Kandathil Varghese Mappillai in 1888, with the first issue of the newspaper appearing on March 22, 1890. The daily is currently being printed and published from 16 centres – 11 in Kerala, one each in Mumbai, Delhi, Bangalore, Chennai, and Dubai (UAE). TMMC as a group publishes more than 45 magazines, periodicals, and books in the print medium to cater to different age groups, tastes, and needs. Some of the popular publications include 'The Week', 'Manorama Year Book', etc. In 2008, TMMC also launched Radio Mango (under this company), which has five FM radio stations in Kerala. The company has started expanding its matrimonial website M4marry to Tamil, Kannada, and Telugu, besides Malayalam and also relaunched its educational platform, 'Horizon'. The digital initiative ManoramaMax, which is the first Malayalam OTT platform, has generated good subscriber's base.

Consolidated Financials:

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	1030.47	1212.22	1206.07
PBILDT	182.14	137.30	122.37
PAT	39.43	8.11	5.91
Overall gearing (times)	0.18	0.20	0.17
Interest coverage (times)	8.52	5.65	4.76

A: Audited UA: Unaudited; Note: these are latest available financial results

Standalone Financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	1,074.62	1,074.36	523.48
PBILDT	110.43	95.02	88.03
PAT	15.18	19.38	34.38
Overall gearing (times)	0.15	0.11	-
Interest coverage (times)	5.44	4.85	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	55.00	CARE AA; Stable
Fund-based - LT-Term Loan		-	-	31-July-2029	69.82	CARE AA; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	10.00	CARE A1+
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.60	CARE A1+
Non-fund-based - ST-Letter of credit		-	-	-	5.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	69.82	CARE AA; Stable	-	1)CARE AA; Stable (07-Dec-23)	1)CARE AA; Stable (12-Dec-22)	1)CARE AA; Stable (20-Dec-21)
2	Fund-based - LT-Cash Credit	LT	55.00	CARE AA; Stable	-	1)CARE AA; Stable (07-Dec-23)	1)CARE AA; Stable (12-Dec-22)	1)CARE AA; Stable (20-Dec-21)
3	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A1+	-	1)CARE A1+ (07-Dec-23)	1)CARE A1+ (12-Dec-22)	1)CARE A1+ (20-Dec-21)
4	Non-fund-based - ST-Bank Guarantee	ST	10.00	CARE A1+	-	1)CARE A1+ (07-Dec-23)	1)CARE A1+ (12-Dec-22)	1)CARE A1+ (20-Dec-21)
5	Non-fund-based - ST-Credit Exposure Limit	ST	0.60	CARE A1+	-	1)CARE A1+ (07-Dec-23)	1)CARE A1+ (12-Dec-22)	1)CARE A1+ (20-Dec-21)
6	Fund-based - LT-Bank Overdraft	LT	-	-	-	1)Withdrawn (07-Dec-23)	1)CARE AA; Stable (12-Dec-22)	1)CARE AA; Stable (20-Dec-21)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	MM TV Limited	Full	Operational and management linkages

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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