



Press Release

Manipal Business Solutions Private Limited (“MBSPL”)

August 12, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities –Cash Credit	20.00	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	Reaffirmed	Simple
Long Term Fund Based Bank Facilities –Term Loan	0.57	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	Reaffirmed	Simple
Total	20.57	(Rupees Twenty crore Fifty-Seven Lakhs only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale-

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Manipal Business Solutions Private Limited (“MBSPL”). The rating continues to derive comfort from strong support from Parent company, operational linkages and extensive experience of the promoters and management team, healthy revenue growth & profitability margins, reputed clientele base and improved capital structure and debt protection metrics, however the ratings are constrained on account of revenue concentration in BFSI segment and modest scale of operations.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and/or profitability.
- Improvement in the capital structure and debt protection metrics

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.



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- Stretch in the working capital cycle negatively impacting liquidity position of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strong support from Parent company, operational linkages and extensive experience of the promoters and management team**

MBSPL is 100% owned by Manipal Technologies Limited (MTL) and there is cash flow fungibility, common management and operating linkage. MTL is a part of the Manipal Group and is closely held by the Pai family who has an experience of over decade in the security data printing business and have strong understanding of the market dynamics which has helped them to establish good business relationships. The promoters are supported by an experienced and qualified pool of management comprising of other Board of Directors and senior level management under which the company has increased its scale of operations. Both MTL and MBSPL cater to similar clients as public sector and cooperative banks. Moreover, MTL supervises the operations of MBSPL and has common treasury functions with the later.

- **Healthy revenue growth and profitability margins**

MBSPL's total operating income grew at a CAGR of ~32% during FY2021-FY2024 to Rs. 206.80 crore in FY24 (Prov.) (refers to period from April 1, 2023 to March 31, 2024) on account of increased business volumes and realisation along with receipt of new projects. The operating Income of the company grew by ~17% and EBIDTA and PAT of the company also registered a robust growth of ~268% and ~164% respectively for FY2024 (Prov.). EBIDTA margin of the company increased to 13.02% for FY2024 (Prov.) from 4.14% for FY2023 whereas PAT margin stood at a healthy level of 8.77% for FY2024 (Prov.) from 3.89% in FY2023.

- **Reputed Clientele**

The company caters to clientele belonging to BFSI segment. Some of the reputed clients served by MBSPL are ICICI Bank Limited, HDFC Bank Ltd, Axis Bank Ltd, SBI General, DBS, DCB Bank, IDBI Bank etc. The company also caters to some of the corporates in Telecom, IT, Retail & E-Commerce industries. The company has long standing



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relationships with its existing clients which enables it to get the repeat business. Some of the large projects are procured by the parent MTL and then delegated to MBS which has enabled MBSPL to build a strong clientele base.

- **Improved capital structure and debt protection parameters**

The tangible net worth of the company was Rs. 19.77 crore as on March 31, 2023, which increased to Rs. 45.76 crore as on March 31, 2024 (Prov.). Moreover, the Overall Gearing ratio improved from 1.43x as on March 31, 2023 to 0.42x as on March 31, 2024 (Prov.), similarly, TOL/ATNW of MBSPL improved significantly to 1.08x as on March 31, 2024 (Prov.) from 3.44x as on March 31, FY2023. The financial risk profile of the company remained comfortable as Total Debt to EBIDTA stood at comfortable level of 0.71x as on March 31, 2024 (Prov.) and the other debt protection metrics marked by DSCR and ISCR stood at a comfortable level of 9.48x and 16.10x as on March 31, 2024 (Prov.). The capital structure and debt protection metrics are expected to remain robust for the projected period.

Key Rating Weaknesses

- **Revenue concentration in the BFSI segment**

More than 80% of company's revenue is derived from BFSI including private / public banks and Insurance companies resulting in Industry concentration of revenue. Although the company is focusing on diversifying its clientele into telecom, retail and IT industries, any downturn in BFSI market may affect the revenue and profitability of the company.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Parent and Group support](#)



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Liquidity – Adequate

Liquidity profile of MBSPL appears to be adequate with the current ratio of 1.58x and Quick ratio of 1.54x as on March 31, 2024 (Prov.). The company is earning a comfortable level of Net Cash Accruals (NCA) which stood at Rs. 21.34 crore as on March 31, FY2024 (Prov.) and the same is expected to improve during the projected period with increase in scale of operations. The NCA is expected be in the range of ~Rs. 25 crore to Rs. 33 crore during the projected period which is adequate to meet the repayment obligations. The company has cash & bank balance of Rs. 20.91 crore as on March 31, 2024 (Prov.). The average working capital utilization level stood at ~45% during last twelve months ended June 30, 2024 indicating adequate liquidity.

About the Company

Manipal Business Solutions Private Limited (MBSPL) is a 100% subsidiary of Manipal Technologies Limited (MTL). The company was incorporated in July 2009 and it is located at Udayavani Building, Press Corner, Udupi, Manipal, Karnataka, 576104. It is a turnkey financial software services provider. It is one of the leading Fintech players in BSFI segment. The company provides last-mile connectivity and penetration to scheduled banks in areas that are not covered by the banking system through its network of rural extension branch services.

Types of Services provided by MBSPL are as follows:

FinTech Services	Enterprise Solutions
Financial Inclusion	Virtual Super Card
Rural Extension Branches	Customer Acquisition Solution
SahiBnk Mitra (Doorstep KYC and ReKYC)	CKYC Solution (Central KYC)
Field Verification Services	Secure Digital Authentication and Payments
Phygital NACH	Secure Token

Financials (Standalone)*:

(Rs. Crore)		
For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
Total Operating Income	176.83	206.80
EBITDA	7.32	26.92
PAT	6.96	18.33
Total Debt	28.35	19.15
Tangible Net Worth	19.77	45.76
EBITDA Margin (%)	4.14	13.02



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For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
PAT Margin (%)	3.89	8.77
Interest Coverage Ratio (x)	2.58	16.10
Overall Gearing Ratio (x)	1.43	0.42

* Classification as per Infomerics standards.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Fund based bank facilities – Cash Credit	Long Term	20.00	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	--	--
2	Fund based bank facilities – Term Loan	Long Term	0.57	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)	--	--	--

Name and Contact Details of the Rating Analyst:

Name: Jyotsna Gadgil Tel: (020) 29913006 Email: jyotsna.gadgil@infomerics.com	Name: Priyesh Joshi Tel: (022) 62396023 Email: priyesh.joshi@infomerics.com
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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.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	Revolving	20.00	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)
Term Loan	--	--	April 2027	0.57	IVR BBB+/Stable (IVR Triple B plus with Stable Outlook)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Manipal-Business-12aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

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.