



## Press Release

**MCT Cards & Technology Private Limited**

**June 13, 2023**

### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a> (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	107.78	IVR BBB+ / Positive (IVR Triple B Plus with Positive Outlook)	Assigned	Simple
Long Term Debt Facilities	35.00	IVR BBB+ / Positive (IVR Triple B Plus with Positive Outlook)	Assigned	Simple
Short Term Bank Facilities	18.50	IVR A2 (IVR A Two)	Assigned	Simple
<b>Total</b>	<b>161.28</b>			

### Details of Facilities are in Annexure 1

### Detailed Rationale

The rating assigned to the bank facilities of MCT Cards & Technology Private Limited derives strength from support from parent company and strong operational linkages, improvement in financial performance in FY2023 and comfortable capital structure. The rating is however constrained on account of revenue concentration in the BFSI segment and operating margins are susceptible to increase in the raw material prices.

The positive outlook is on account of Healthy order book position providing medium term revenue visibility.

### Key Rating Sensitivities:

#### Upward Factors

- Steady revenue growth and stable profitability
- Sustenance of working capital cycle and financial profile

#### Downward Factors

- Lower than expected growth in revenue or operating profitability below 7%
- Sizeable, debt-funded capex, or further stretch in net the working capital cycle (beyond 100 days) impacting the liquidity.

### List of Key Rating Drivers with Detailed Description



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### Key Rating Strengths

#### **Support from Parent company and strong operational linkages**

MCT Cards & Technology Pvt. Ltd. is 79.98% owned by Manipal Technologies Limited and there is cash flow fungibility, common management and operating linkages. Both the parent and the subsidiary cater to similar clients as public sector and cooperative banks. Moreover, the parent supervises the operations of MCT Cards and has common treasury functions with the later.

#### **Improvement in financial performance in FY2023**

The TOI increased by 151% in FY23 (Prov.) to Rs. 629.07 crore on back of increased volumes and realisation in both VISA DI Cards and Rupay DI Cards segment. The company also added new clientele leading to growth in the revenues. The EBITDA margins improved to 13.1% in FY23 (Prov.) on account of increased scale of operations resulting in better absorption of overhead costs. With increase in operating profit, the company reported a PBT of Rs. 76.24 crore in FY2023 (Provisional) as against Rs. 11.77 crore in FY2022. The company's ability to sustain the growth in its top line without compromise in margins will be a key rating monitorable going forward.

#### **Comfortable capital structure**

The capital structure of the company remained comfortable marked by overall gearing ratio of 0.40x in FY23. However, total indebtedness of the company marked by TOL/TNW remained comfortable at 0.96x as on March 31, 2023.

#### **Healthy order book position providing medium term revenue visibility**

MCT Cards & Technology Pvt. Limited have outstanding order book position of Rs. 1,700 crore as on March 31st, 2023 from various PSU and Private sector banks, Govt. entities and exports. The order shall be executed over the next 3 years. While the package order will be executed within the next 5-6 months, the O&M orders will be apportioned for next 2-2.5 years as these are long term contracts. Though the current order book position provides revenue visibility in the near term, yet the same is subject to company's ability to timely complete and execute the same.

### Key Rating Weaknesses



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### **Revenue concentration in the BFSI segment**

Although the company is focusing on diversifying its clientele into telecom, retail and IT, more than 80% of its revenue comes from BFSI, including private and public banks, and insurance companies.

### **Operating margins are susceptible to increase in the raw material prices**

During FY22 the EBITDA margins declined over the past years on account of shortages of semi-conductor chips which is one of the key raw materials for manufacturing cards. The shortage of various raw materials increased their prices and hence impacted the margin of MCT Cards. The margins are expected to remain moderate and realisations sensitive over the medium term, due to higher input cost.

**Analytical Approach:** Standalone Approach

**Applicable Criteria:**

[Parent and Group Support](#)

[Rating Methodology for Services Companies](#)

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

[Criteria of Rating Outlook | Infomerics Ratings](#)

### **Liquidity –Adequate**

The liquidity profile of the company is adequate marked by sufficient cash accruals to service the debt repayment obligations in the near to medium term. The average utilisation of working capital limits stood comfortable at ~53% for the last twelve months ended March 2023 providing adequate liquidity cushion. The unencumbered cash and bank balance stood at Rs. 4.92 crores as of March 31<sup>st</sup>, 2023. Further, by virtue of being a subsidiary of Manipal Technologies Limited (MTL), MCT Cards & Technology Private Limited will receive need-based funding support from its parent company as and when required.

### **About the Company:**

MCT Cards & Technology Private Limited (MCT Cards) was set up in 2008 in a technical collaboration with Thailand-based Chan Wanich Security Printing Company and Colombia-based Thomas Greg and Sons. The company into the business of Manufacturing of plastic



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products. The company's production unit in Manipal is certified by Visa, Mastercard, EMV, and National Payments Corporation of India.

### Financials (Standalone):

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Provisional)
Total Operating Income	239.91	629.07
EBITDA	18.60	82.23
PBT	15.95	76.24
Total Debt	67.81	96.60
Tangible Net worth	166.95	239.05
EBITDA Margin (%)	7.75	13.07
PBT Margin (%)	6.26	11.90
Overall Gearing Ratio (times)	0.41	0.40

*\*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 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-22	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term-loan	Long-term	4.15	IVR BBB+ / Positive	-	-	-
2.	Term-loan	Long-term	4.11	IVR BBB+ / Positive	-	-	-
3.	Term-loan	Long-term	19.52	IVR BBB+ / Positive	-	-	-
4.	NCD	Long-term	35.00	IVR BBB+ / Positive	-	-	-
5.	Cash Credit	Long-term	30.00	IVR BBB+ / Positive	-	-	-



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6.	Cash Credit	Long-term	15.00	IVR BBB+ / Positive	-	-	-
7.	Cash Credit	Long-term	35.00	IVR BBB+ / Positive	-	-	-
8.	Letter of Credit	Short-term	18.50	IVR A2	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Limited (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 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](http://www.infomerics.com)

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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
Term-loan	-	-	June 20, 2027	4.15	IVR BBB+ / Positive
Term-loan	-	-	Sept. 20, 2028	4.11	IVR BBB+ / Positive
Term-loan	-	-	June 16, 2027	19.52	IVR BBB+ / Positive
NCD	-	-	November 16, 2025	35.00	IVR BBB+ / Positive
Cash Credit	-	-	Revolving	30.00	IVR BBB+ / Positive
Cash Credit	-	-	Revolving	15.00	IVR BBB+ / Positive
Cash Credit	-	-	Revolving	35.00	IVR BBB+ / Positive
Letter of Credit	-	-	-	18.50	IVR A2

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable.

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-MCT-Cards-jun23.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](http://www.infomerics.com)