



Press Release

MPower Infratech (India) Private Limited (MIPL)

November 14, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Instruments/Facilities	110.00	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	IVR BB+/ Stable [IVR Double B Plus with Stable Outlook]	Upgraded	Simple
Short Term Instruments/Facilities	20.00	IVR A3 [IVR A Three]	IVR A4+ [IVR A Four Plus]	Upgraded	Simple
Total	130.00 (Rupees One Hundred and Thirty Crores 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 upgraded its rating assigned to the bank facilities of MPower Infratech (India) Private Limited based on strengths derived from improvement in scale of operations & profitability, strong order book position and diversified customer base, moderate financial risk profile & debt protection metrics and experienced promoters & management team . The rating is however constrained by working capital intensive nature of operations, intense competition along with susceptibility of operating margin to volatile input prices and company's operations susceptible to capital investment cycles.

The outlook is stable based on the Company's healthy order book, which provides revenue visibility for the Company and long-standing experience of promoters in fabrication business.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue & profitability leading to improvement in debt protection metrics.

Downward Factors

- Any decline in revenue & profitability leading to deterioration in debt protection metrics.
- Any increase in working capital cycle leading to deterioration in liquidity and/or capital structure.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Improvement in Scale of operations & profitability**

The Company has shown consistent improvement in scale of operations since past three years. MIPL's total operating income has grown from ~ Rs.183.00 crores in FY21 [refers to period April 1, 2020, to Mar 31, 2021] to ~Rs.366 crore in FY24[refers to period April 1, 2023, to Mar 31, 2024] at a CAGR of ~ 26% in past three years. During the first half of FY25 [refers to period April 1, 2024, to Mar 31, 2025], MIPL has achieved sales of Rs.108.16 crores and an EBITDA of Rs.11.04 crores. With an outstanding order book of ~ Rs.304 crore as of date, Infomerics believes that there is a high probability that MIPL will surpass the revenue of FY24. It should be noted that Company achieved this growth in total operating income on the back of improvement in profitability as envisaged by EBITDA margin of ~ 6.98 % in FY22 [refers to period April 1, 2021, to Mar 31, 2022] to 8.86 % in FY24. This shows a strong brand equity for the services of the Company in the competitive landscape.

- **Strong order book position and diversified customer base**

The company is having an unexecuted orderbook of around Rs.304.00 crore as on September 2024. Also, the Company has achieved revenues of ~ Rs.108 crores in first half of FY25. This provides a satisfactory revenue visibility in the short term. With promoters' extensive experience, established network and effective completion of projects in the scheduled time, the Company has been able to gather a diversified client base. Furthermore, the order book is well diversified from many reputed customers. This diversification ensures a low credit concentration risk and low dependence of few large customers.



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- **Moderate financial risk profile & debt protection metrics**

The Company has moderate financial risk profile as marked by adjusted net worth Rs.96.38 crores (FY23: Rs.83.88 crore) as against total debt of Rs.139.65 crores as on 31st March 2024 (FY23: 99.62 crore). The total debt mainly comprised of working capital borrowings of Rs.84.68 crores as at 31st March 2024. Consequently, the overall gearing stands at 1.45x for the FY 24 (FY23: 1.19x). The debt protection metrics for the Company stood at moderate levels as envisaged by ISCR and DSCR of 2.43x (FY23: 2.57x) and 1.21x (FY23: 1.12x) respectively as of 31st March 2024.

- **Experienced promoters & management team**

The company's founder Mr. Manney Subrahmanyam is having more than a two decades of expertise in the manufacturing and supply of towers industry. His vast experience has facilitated the establishment of strong connections with both customers and suppliers. In addition to the promoter, MIPL benefits from the support of a skilled and qualified team of professionals. The day-to-day operations of the company are looked after by the senior management having considerable experience with technological background.

Key Rating Weaknesses

Working capital intensive nature of operation

The Company has working capital intensive nature of operations as marked by an Inventory turnover period of 161 days which would affect the liquidity of the company, and this has led to high operating cycle of around 161 days in FY 2024 (FY23: 157 days). This is mitigated by the fact that 80% of inventory of company is completely backed by orders and those contracts which have tenure of more than 6 months have price escalation clause.

Intense competition along with susceptibility of operating margin to volatile input prices

The primary raw materials for manufacturing of tower parts, are steel and zinc. These are typically procured from prominent suppliers like Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam Limited (RINL), Jindal Steel and Power, Apollo Pipes & Steels, Hindustan Zinc Limited. These raw materials have historically exhibited volatile pricing, which can impact the company's profitability margins. However, the company has mitigated the effects of this volatility to some extent by incorporating price escalation clauses into their



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contracts. These clauses help offset the impact of fluctuating raw material prices and finished product costs.

Company's operations susceptible to capital investment cycles

The Company has to constantly procure orders for new projects driven by the power transmission and telecom industries. As these are capital intensive projects, they are susceptible to overall capital investment cycles in the economy.

Analytical Approach: Standalone.

Applicable Criteria:

[Rating Methodology for Manufacturing](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

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

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

Liquidity – Adequate

MIPL has adequate liquidity profile as its Gross Cash Accruals are sufficient to cover its contractual debt repayments. MIPL's debt coverage indicators are adequate as given by ISCR & DSCR at 2.43x and 1.21x respectively as at 31st March 2024. Also, the Company is not projecting any major capex in medium term and its projected cash accruals are sufficient to meet the repayment. Though Company's average working capital utilization for the past twelve months stood at ~ 91%, the current ratio of Company is at 1.34x as at 31st March 2024. The Company's cash & cash equivalents stood at Rs.1.84 crores as at 31st March 2024.



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About the Company

Incorporated in September 2004, MPower Infratech (India) Private Limited (MI IPL) was promoted by Mr Manney Subrahmanyam (Executive Director) and M. Subha (Non-Executive Director). The company manufactures fabricated and galvanized parts of power transmission and telecom towers, monopole / solar structures/ pre-engineered Buildings (PEBs)/ Shelters/Highway Safety Rails and undertake all types of heavy fabrication works. MI IPL's manufacturing unit is located at Cherlapally in Hyderabad.

Financials (Standalone):

For the year ended/ As on*	31-03-2023	(Rs. crore) 31-03-2024
	Audited	Audited
Total Operating Income	320.32	366.31
EBITDA	26.98	32.46
PAT	10.47	12.51
Total Debt	99.62	139.65
Tangible Net Worth	83.88	96.38
EBITDA Margin (%)	8.42	8.86
PAT Margin (%)	3.27	3.41
Overall Gearing Ratio (x)	1.19	1.45
Interest Coverage (x)	2.57	2.43

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: India ratings has continued to place the ratings of MPower Infratech (India) Private Limited into Issuer Not Cooperating category based on best available information vide PR Dated July 14, 2024, due to non-submission of information.

Any other information: None



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Sep 20, 2023	2022	2021
1.	Long Term Fund Based Bank Facility - OCC	Long Term	110.00	IVR BBB- / Stable	IVR BB+/ Stable	-	-
2.	Short Term Non-Fund Based Bank Facility - Bank Guarantee	Short Term	20.00	IVR A3	IVR A4+	-	-
3.	Long Term Fund Based Working Capital Bank Facility – Proposed*	Long Term	0.00	-	IVR BB+/ Stable	-	-
4.	Short Term Non-Fund Based Bank Facility – Proposed*	Short Term	0.00	-	IVR A4+	-	-

**The same has been sanctioned subsequently.*

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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



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Open Cash Credit	-	-	-	-	110.00	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]
Bank Guarantee	-	-	-	-	20.00	IVR A3 [IVR A Three]

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MIPL-nov24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



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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.

