



Press Release

MPower Infratech (India) Private Limited (MIPL)

January 27, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	110.00	IVR BBB-/ Negative [IVR Triple B Minus with Negative Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Outlook Revised from Stable to Negative	Simple
Short Term Facilities	20.00	IVR A3 [IVR A Three]	IVR A3 [IVR A Three]	Outlook Revised from Stable to Negative	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 revised the outlook from stable to negative assigned to the bank facilities of MPower Infratech (India) Private Limited due to its subdued financial performance in the first nine months of FY 25 [refers to period April 1, 2024, to Mar 31, 2025]. MIPL continues to derive strengths from 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 subdued financial performance for first nine months of FY25, 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 negative reflecting the fact that the MIPL is unlikely to achieve projected revenues and EBITDA for FY25 based on the Company's nine-month results for FY25.

Key Rating Sensitivities:

Upward Factors

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

Downward Factors



Press Release

- 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.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

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

The company is having an unexecuted orderbook of around ~ Rs.236.00 crore as on 31st December 2024. Also, the Company has achieved revenues of Rs.209.17 crores in first the first nine months 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.

- **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.



Press Release

Key Rating Weaknesses

Subdued financial performance for first nine months of FY25

MIPL experienced a Y-O-Y decline in revenues and moderation in EBITDA during the first nine months of FY25. The nine-month FY25 revenue declined to Rs.209.17 crore compared to Rs.271.84 crore in nine-month FY24. During the same period the EBITDA reduced to Rs.22.05 crore (9M FY25) compared to Rs.24.63 crore (9M FY24). It must be noted that as the Company mainly caters to power transmission sector the bulk of the orders are executed in the third and fourth quarters. Also, due to its moderate competitive position and business relationships it was able to maintain profitability as envisaged by the nine-month FY25 EBITDA margins at ~11% compared to nine-month FY24 EBITDA margins at ~ 9%.

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



Press Release

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

MI IPL has adequate liquidity profile as its Gross Cash Accruals are sufficient to cover its contractual debt repayments. MI IPL'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.

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.



Press Release

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	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

Rating History for last three years:

Sr · No.	Name of Security/Facil ities	Current Ratings (2024)				Rating History for the past 3 years		
		Type (Long Term/Sh ort Term)	Amount outstand ing (Rs. Crore)	Rating		Date(s) & Rating (s) assign ed in T-1	Date(s) & Rating (s) assign ed in T-2	Date(s) & Rating (s) assign ed in T-3
				Jan 24, 2024	Nov 14, 2024	Sep 20, 2023	2022	2021
1.	Long Term Fund Based Bank Facility - OCC	Long Term	110.00	IVR BBB-/ Negati ve	IVR BBB -/ Stab le	IVR BB+/ Stable	-	-
2.	Short Term Non-Fund Based Bank Facility - Bank Guarantee	Short Term	20.00	IVR A3	IVR A3	IVR A4+	-	-



Press Release

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				Jan 24, 2024	Nov 14, 2024	Sep 20, 2023	2022	2021
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 ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



Press Release

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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-/ Negative [IVR Triple B Minus with Negative Outlook]
Bank Guarantee	-	-	-	-	20.00	IVR A3 [IVR A Three]

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MPower-jan25.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

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.