



## Press Release

### Manipal Business Solutions Private Limited

June 13, 2023

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u> (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	21.50	IVR BBB+ / Stable (IVR Triple B Plus with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>21.50</b> <b>(Rupees Twenty-one Crore and fifty lakhs only)</b>			

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating rationale derives strength from the Support from Parent company and strong operational linkages, Improvement in financial performance in FY2023, Reputed clientele. However the rating is constrained by Moderate capital structure and Revenue concentration in the BFSI segment.

#### Key Rating Sensitivities:

##### Upward Factors

- Steady revenue growth and stable profitability
- Improvement in capital structure.

##### Downward Factors

- Lower than expected growth in revenue or decline in operating profitability.
- Deterioration in working capital cycle and liquidity profile of the company.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

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

Manipal Business Solutions Private Limited is 100% 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 Manipal Business Solutions Private Limited and has common treasury functions with the later.

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

The TOI increased by 51% in FY23 (Prov.) to Rs. 211.56 Cr. on back of addition of new projects. The absolute EBITDA improved from Rs. -2.42 Cr. in FY22 Audited to Rs. 7.45 Cr. in FY23 Prov. supported by higher revenues positively affecting the absorption of overhead costs. Similarly, EBITDA margin improved and stood at 3.52% in FY23 Prov. as against - 1.72% in FY22. With increase in operating profit, the company reported a PAT of Rs. 9.34 Cr. in FY2023 (Provisional) as against Rs. (7.79) Cr. 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.

##### **Reputed clientele**

The company caters mainly to BFSI segment and is diversifying its clientele further in Telecom, IT, Retail & E-Commerce segments. MTL has built up a strong clientele over the years, which is steadily expanding. Some large contracts are directly procured by MTL and then delegated to MBS. Some of the reputed clients served by the MBS are ICICI Bank Limited, HDFC Bank Ltd, Paytm Payments Bank Limited, Axis Bank Ltd, SBI General, Canara Bank, Central Bank of India, Bank of India, DBS, DCB Bank, IDBI Bank etc. With such strong clientele company expects constant flow of orders to maintain its steady growth. The clientele are reputed and have long standing relationships with them over the years and enables to get the company repeat business.



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### **Key Rating Weaknesses**

#### **Moderate capital structure:**

The capital structure of the company is moderate marked by overall gearing ratio of 1.20x in FY23 Prov. However, total indebtedness of the company marked by TOL/TNW remained elevated at 3.10x as on March 31, 2023, Prov.

#### **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.

#### **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 is considered to be adequate as reflected from sufficient internal cash accruals to meet its maturing debt obligations and to meet its capex requirements in the near future. Further, the company has unencumbered cash and bank balance of Rs. 7.87 crore as of March 31, 2023 Prov. The working capital utilisation stood at average of ~81% for the past 12 months ended February 2023.

#### **About the Company**

Manipal Business Solutions Private Limited (MBS) is a 100% subsidiary of MTL. 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.



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### Financials (Standalone):

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Provisional)
Total Operating Income	140.41	211.56
EBITDA	-2.42	7.45
PAT	-7.79	9.34
Total Debt	6.30	25.41
Tangible Net worth	8.73	21.25
EBITDA Margin (%)	-1.72	3.52
PAT Margin (%)	-5.52	4.39
Overall Gearing Ratio (times)	0.72	1.20

*\*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	1.50	IVR BBB+/ Stable	-	-	-
2.	Cash Credit	Long-term	20.00	IVR BBB+/ Stable	-	-	-

### Name and Contact Details of the Rating Analyst:

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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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### 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	-	-	July 16, 2023	1.50	IVR BBB+/ Stable
Cash Credit	-	-	Revolving	20.00	IVR BBB+/ Stable

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

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



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<https://www.infomerics.com/admin/prfiles/Len-ManipalBusiness-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)