



## Press Release

**Manipal Technologies Limited (“MTL”)**

**August 12, 2024**

### Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	<a href="#">Rating Action</a>
Long Term Fund Based Bank Facilities – Term Loan	130.00	IVR A-/ Stable; (IVR single A minus with Stable Outlook)	IVR A-/ Stable; (IVR single A minus with Stable Outlook)	Reaffirmed
Long Term Fund Based Bank Facilities – Cash Credit	210.00	IVR A-/ Stable; (IVR single A minus with Stable Outlook)	IVR A-/ Stable; (IVR single A minus with Stable Outlook)	Reaffirmed
Short Term Non-Fund Based Bank Facility – Bank Guarantee	30.00	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)	Reaffirmed
<b>Total</b>	<b>370.00</b>	<b>(Rupees Three Hundred and Seventy Crore only)</b>		

**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 Technologies Limited (“MTL”). The ratings continue to derive strength from group’s established market position backed by long track record and competitive advantage, healthy consolidated revenue growth and profitability margins, diversified revenue profile and reputed clientele and improved capital structure and debt protection parameters. The ratings are however constrained on account of revenue concentration in the BFSI segment, increase in unsecured loans extended to group companies, increased debt level and susceptibility of



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profitability margins to volatility in prices of raw materials. The stable outlook factors in extensive experience of its promoters and improved profitability in projected years.

### **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.
- Stretch in the working capital cycle negatively impacting liquidity position.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Established market position backed by long track record and competitive advantage**  
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 group holds leading market position in the key BFSI sector and has operations across the country with sufficient in-house capacity. The company faces limited competition because of the stringent security approvals and high compliance cost for key security printing products.
- **Healthy consolidated revenue growth and profitability margins**  
MTL's consolidated total operating income grew at a CAGR of ~36% during FY2021-FY2024 to Rs. 1,971.42 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 ~25% and EBIDTA and PAT of the company also registered a robust growth of ~108% and ~172% respectively for FY2024 (Prov.). EBIDTA margin also improved to 19.26% for FY2024 (Prov.) from 11.56% for FY2023 whereas PAT margin stood at a healthy level of 13.16% for FY2024 (Prov.) from 6.19% in FY2023.



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- **Diversified revenue profile and reputed clientele**

Revenue profile on a consolidated basis is diversified with secured printing and stationery business accounting for ~40% of total revenues, followed by plastic and metal cards accounting for ~30% of total revenues, and balance ~30% from financial inclusion, IT enabled services and other trading activities. The company caters to clientele belonging to BFSI segment. Some of the reputed clients served by MTL are State Bank of India, HDFC Bank Ltd, Excise Commissioner (Karnataka), Canara Bank, Axis bank, Bharath Electronics Ltd etc. The company has long standing relationships with its existing clients which enables it to get the repeat business.

- **Improved Capital Structure and Debt Protection Parameters**

The tangible net worth of the company was Rs. 549.60 crore as on March 31, 2023, which increased to Rs. 826.43 crore as on March 31, 2024 (Prov.). similarly, TOL/ATNW of MTL improved to 1.32x as on March 31, 2024 (Prov.) from 1.49x as on March 31, FY2023. The Overall Gearing ratio remained at a healthy level of 0.98x as on March 31, 2024 (Prov.), The financial risk profile of the company remained comfortable as Total Debt to EBIDTA stood at comfortable level of 2.13x as on March 31, 2024 (Prov.) and the other debt protection metrics marked by DSCR and ISCR stood at a comfortable level of 4.10x and 6.80x as on March 31, 2024 (Prov.).

### **Key Rating Weaknesses**

- **Revenue concentration in the BFSI segment**

More than 70% 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.

- **High Inter-Corporate Loans extended and Increased Debt level**

The total unsecured loans extended to various group companies by MTL increased from Rs. 110.70 crore as on March 31, 2023 to Rs. 200.78 crores as on March 31, 2024. During the year FY2024, one of the group companies MCT Cards & Technology Pvt. Ltd issued Non-Convertible Debentures (NCDs) and Optionally Convertible Debentures (OCDs) to



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the tune of Rs. 250 crore and Rs. 200 crore respectively, which increased the consolidated debt to Rs. 809.82 crore as on March 31, 2024 from Rs. 433.19 crore as on March 31, 2023. Timely receipt of the loan extended to group companies and management of increased debt level would remain a key monitorable. Also, any higher-than-expected financial support extended to other group companies and other entities impacting financial profile to remain a key monitorable.

- **Susceptibility of profitability margins to volatility in paper and ink prices**

The printing industry's profitability margins are highly correlated with fluctuations in raw material prices. Raw material costs accounted for around 49% of MTL's operating income in FY2024. Furthermore, the prices of key raw materials, papers, ink, hologram, chip etc. are volatile. As a result, the profitability margins are susceptible to volatility in raw material prices.

**Analytical Approach:** Consolidated Approach

For arriving at rating, Infomerics has taken consolidated view of Manipal Technologies Limited (MTL) and its subsidiaries i.e. Manipal Business Solutions Pvt. Ltd. (100%), MCT Cards & Technology Private Limited. Ltd (79.98%), Manipal Logistics Pvt. Ltd. (100%), Manipal Digital Holdings GmbH (100%), Manipal Holding Limited UAE (100%) together referred to as "The Manipal Group", based on common promoters/ management, cash flow fungibility and strong financial linkages between these entities. Infomerics has analysed the consolidated financial statements to arrive at the ratings.

(Extent of consolidation: Full)



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### 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](#)

[Consolidation of Companies](#)

### Liquidity – Adequate

Liquidity profile of MTL on consolidated level appears to be adequate with the current ratio of 1.58x and Quick ratio of 3.09x as on March 31, 2024 (Prov.). The company is earning a comfortable level of Net Cash Accruals (NCA) which stood at Rs. 319.04 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 at an average level of ~Rs. 450 crore during the projected period which is adequate to meet the repayment obligations. The company has cash & bank balance of Rs. 104.51 crore as on March 31, 2024 (Prov.). The average working capital utilization level stood at ~80% during last twelve months ended June 30, 2024 indicating moderate liquidity cushion.

### About the Company

Manipal Technologies Limited is flagship company of the Manipal Group, which started as Syndicate Bank's back office in 1941. It was promoted by Pai family. The main printing facilities are located at Manipal, Karnataka. It is in the business of secured printing, facilitating secure transactions, Digital Banking solutions and Integrated Transport Management Solutions, Financial inclusions and other fintech services for key industries such as banking, Insurance, telecom, education, publishing, financial services, transport and the government of India.

### Financials (Consolidated)\*:

(Rs. Crore)		
For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
Total Operating Income	1,577.67	1,971.42
EBITDA	182.37	379.70
PAT	99.29	269.86



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For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
Total Debt	433.19	809.82
Tangible Net Worth	549.60	826.43
EBITDA Margin (%)	11.56	19.26
PAT Margin (%)	6.19	13.16
Interest Coverage Ratio (x)	4.10	6.80
Overall Gearing Ratio (x)	0.79	0.98

\* Classification as per Infomerics standards.

### Financials (Standalone)\*:

For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Provisional)
Total Operating Income	851.19	997.58
EBITDA	86.84	113.06
PAT	37.02	90.09
Total Debt	467.40	433.84
Tangible Net Worth	248.12	411.16
EBITDA Margin (%)	10.20	11.33
PAT Margin (%)	4.24	8.49
Interest Coverage Ratio (x)	2.51	3.17
Overall Gearing Ratio (x)	1.88	1.06

\* Classification as per Infomerics standards.

### Status of non-cooperation with previous CRA:

On September 8, 2016 CRISIL had suspended MTL's rating on the bank facilities on account of non-cooperation by MTL

Any other information: N.A.

### 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 – Term Loan	Long Term	100.70	IVR A-/Stable; (IVR single A minus with Stable Outlook)	IVR A-/Stable; (IVR single A minus with Stable Outlook)	--	--



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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
2	Fund based bank facilities – Term Loan	Long Term	20.85	IVR A-/Stable; (IVR single A minus with Stable Outlook)	--	--	--
3	Fund based bank facilities – Cash Credit	Long Term	210.00	IVR A-/Stable; (IVR A single minus with Stable Outlook)	IVR A-/Stable; (IVR single A minus with Stable Outlook)	--	--
4	Fund based bank facilities – Proposed Cash Credit	Long Term	8.45	IVR A-/Stable; (IVR single A minus with Stable Outlook)	--	--	--
5	Non-Fund Based Bank Facility – BG	Short Term	30.00	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)	--	--

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

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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](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank 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.



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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	--	--	September 2030	3.83	IVR A-/Stable
Term Loan	--	--	October 2027	17.36	IVR A-/Stable
Term Loan	--	--	December 2026	20.00	IVR A-/Stable
Term Loan	--	--	November 2026	20.85	IVR A-/Stable
Term Loan	--	--	August 2027	28.73	IVR A-/Stable
Term Loan	--	--	September 2026	1.76	IVR A-/Stable
Term Loan	--	--	February 2029	29.01	IVR A-/Stable
Term Loan	--	--	November 2024	0.01	IVR A-/Stable
Cash Credit	--	--	Revolving	150.00	IVR A-/Stable
Cash Credit	--	--	Revolving	60.00	IVR A-/Stable
Proposed Cash Credit	--	--	--	8.45	IVR A-/Stable
Bank Guarantee	--	--	--	30.00	IVR A2+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Manipal-Technologies-aug24.pdf>

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

### Annexure 4: List of companies considered for consolidated analysis:

Name of the company	Consolidation Approach
Manipal Business Solutions Private Limited	100.00%
MCT Cards & Technology Private Limited	79.98%
Manipal Logistics Pvt. Ltd.	100.00%
Manipal Digital Holdings GmbH	100.00%
Manipal Holding Limited UAE	100.00%

**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).