



Press Release

Multitex Filtration Engineers Limited

January 14, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	38.00 (Enhanced from Rs. 19.00 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	105.63 (Enhanced from Rs. 68.00 Crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating reaffirmed	Simple
Total	143.63	(Rupees One hundred forty-three crore and sixty-three lakhs 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 reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB Minus with Stable outlook and IVR A3 to the short-term facilities of Multitex Filtration Engineers Limited (MFEL).

The ratings continue to draw comfort from experienced promoters with established track record of operations and a varied product line catering to diversified industries. The ratings further draw support from comfortable capital structure and moderate coverage indicators, along with a healthy orderbook position. However, these rating strengths are partially offset by moderate scale of operations, customer concentration risk, and elongated working capital cycle.

The Stable outlook indicates a low likelihood of rating change over the medium term. Infomerics Ratings believes that MFEL will continue to benefit from its experienced promoters, comfortable financial risk profile and healthy order book position indicating near to medium term revenue visibility.

Infomerics Ratings has principally relied on the standalone audited financial results of MFEL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024), and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in operating cycle with collection period of less than 120 days on sustained basis.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters with established track record of operations**

The promoters of the company have been in the industry for around three decades. They have successful operational track record in industry which has helped in establishing a healthy relationship with the customers as it has been getting regular repeat orders from its clients.

- **Comfortable capital structure and moderate coverage indicators**

The capital structure of the company stood comfortable marked by overall gearing ratio of the company as on 31-Mar-2024 at 0.28x (31-Mar-2023: 0.25x). It marginally declined on account of higher utilisation of bank borrowings. TOL/ATNW improved marginally from 0.69x as on 31-Mar-23 to 0.64x as on 31-Mar-24 due to decrease in advances from customers. The debt protection metrics stood moderate marked by interest coverage ratio of 3.06 times in FY24 (FY23: 2.33x) improved as a result of increase in EBITDA. Total Debt to NCA improved to 4.36 years in FY24 as against 5.87 years in FY23 mainly due to increase in net cash accruals.

- **Varied product line catering to diversified industries**



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MFEL provides solutions in various categories of pressure vessels; pipelines; filters and separators, oil & gas; energy systems and metering, etc which are used in diversified industries like petrochemical; power, oil & gas refineries; pharmaceuticals; chemicals and other industries. Thus, the top line is protected against slowdown in any particular industry

- **Healthy order book reflecting near to medium-term revenue visibility**

MFEL has a healthy unexecuted order book of Rs.345.7 Crore as on November 30, 2024, which is about 2.59x of the total operating income reported in FY24. This indicates a near to medium term revenue visibility.

Key Rating Weaknesses

- **Moderate scale of operations**

The total operating income of the company has increased by 47.48% in FY24 although it remained moderate at Rs.133.61 crore as against Rs. 90.60 crore in FY23 mainly due to increase in sales realisations of Filters, Strainers, Skids & Mist Eliminators along with increase in sales volume as well as realisation of filter elements and spares. The profitability margin like the EBITDA margin declined by 52 bps and stood at 8.60% in FY24 as compared to 9.13% in FY23 on account of increase in cost of raw material consumption mainly due to the purchase of equipment needed for gas dehydration facilities for ONGC projects in Agartala. Despite decline in EBITDA margin, the PAT margin increased by 76 bps and stood at 3.54% in FY24 as against 2.77% in FY23 due to percentage decline in interest cost and depreciation in proportion to TOI.

- **Elongated working capital cycle**

MFEL'S operating cycle improved in FY24 as it stood at 211 days compared to 254 days in FY23 mainly due to decrease in average inventory period. However, the operating cycle remains elongated because of delays in realizing receivables and retention money, translating in higher collection period. The company also needs to maintain 3-4 months of inventory to ensure timely execution and supply of orders, whereas suppliers extend credit period up to 60 days.



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- **Customer concentration risk**

Major customers of MFEL include ONGC, Tecnimont, among others. While the company has secured repeat orders from some key clients, its reliance on top customers has grown over the years. Revenue concentration from the top 5 customers contributed around 44.87% and 53.86% of the total sales in FY23 and FY24, respectively, indicating high customer concentration risk for the company.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[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

The company's liquidity is adequate marked by ~47.52% average utilisation of fund-based working capital limits ending November 2024. The Current Ratio of the company stood at 2.37x as on March 31, 2024. The unencumbered cash and bank balance as on March 31, 2024, is Rs. 9.68 Crore. The cash operating cycle of the company is of 211 days in FY24 (FY23: 254 days).

About the Company

Multitex Filtration Engineers Limited was originally incorporated in 1982, as a private limited company and reconstituted into a public limited (unlisted) company in 2001. It is engaged in designing and manufacturing filters, separators and allied products. The company delivers customised application-oriented products and filtration solutions to industries like Oil and Gas, Power, Petrochemicals, Refineries, Pipelines, Defence, Nuclear Energy, Fertilizers, LNG, Ports & Terminals. The company has three manufacturing units located in New Delhi. The company has its offices at India, USA and Iraq.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	90.60	133.61
EBITDA	8.27	11.50
PAT	2.51	4.73
Total Debt	22.41	26.62
Tangible Net Worth	90.19	94.93
EBITDA Margin (%)	9.13	8.60
PAT Margin (%)	2.77	3.54
Overall Gearing Ratio (x)	0.25	0.28
Interest Coverage (x)	2.33	3.06

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: India Ratings and Research Private Limited vide its press release dated March 14, 2024, has continue to classify the ratings of the company under Issuer Not Cooperating category on account of non-submission of relevant information

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	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
					November 21, 2023	August 31, 2022	-
1.	Long Term Bank Facilities	Long Term	38.00	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Short Term Bank Facilities	Short Term	105.63	IVR A3	IVR A3	IVR A3	-

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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.

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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
Long Term Bank Facility – Cash Credit	-	-	-	-	7.20	IVR BBB-/Stable
Long Term Bank Facility – OCC/ODBD	-	-	-	-	30.80	IVR BBB-/Stable
Short Term Bank Facility – Letter of Credit	-	-	-	-	13.00	IVR A3
Short Term Bank Facility – Bank Guarantee	-	-	-	-	92.63	IVR A3

Annexure 2: Facility wise lender details:

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