



**Press Release**  
**MODERN TRANSFORMERS PRIVATE LIMITED**  
**April 30, 2025**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BBB   Stable   Upgraded	-
Bank Loan Ratings	39.50	-	ACUITE A3+   Assigned
Bank Loan Ratings	42.00	-	ACUITE A3+   Upgraded
Total Outstanding Quantum (Rs. Cr)	99.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has upgraded its long-term rating to 'ACUITE BBB' (read as ACUITE triple Bf) from 'ACUITE BB-' (read as ACUITE Double B Minus) and the short-term rating to 'ACUITE A3+' (read as ACUITE A three Plus) from 'ACUITE A4+' (read as ACUITE A Four Plus) on the Rs.60.00 Cr. bank facilities of Modern Transformers Private Limited (MTPL). The outlook is 'Stable'.

Acuité has also assigned its short-term rating of 'ACUITE A3+' (read as ACUITE A three Plus) on the Rs.39.50 Cr. bank facilities of Modern Transformers Private Limited (MTPL).

**Rationale for upgrade**

The rating upgrade and migration from 'Issuer non cooperating' takes into account substantial improvement in MTPL's operating performance marked by growth in operating income to Rs.276.66 Cr. in FY2024 from Rs.146.63 Cr. in FY2023 and Rs.46.72 Cr. in FY2022. Further, it considers improvement in MTPL's financial risk profile supported by low debt levels, moderate net worth, and comfortable debt coverage indicators. The rating also factors in the company's moderate order book position, which provides moderate revenue visibility over the medium term. Additionally, the rating draws comfort from MTPL's established track record of operations along with extensive experience of the management of more than three decades in the industry.

However, the rating is constrained on account of vulnerability of profitability to volatility in input prices and tender based nature of operations.

**About the Company**

Modern Transformers Private Limited (MTPL) was incorporated in 1989 by Mr. Dinesh Kumar Agarwal at Delhi. MTPL is engaged in the manufacturing of Copper and Aluminium wound Transformers for distribution, power transformers, industrial and special purpose transformers and electronic energy meters, etc. The current directors of MTPL are Mr. Ankit Agarwal, Mr. Dinesh Kumar and Mrs. Chanchal Rani. One manufacturing facility of MTPL is located in Haridwar and two facilities are located at Ghaziabad.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered standalone business and financial risk profile of Modern Transformers Private Limited (MTPL) to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Established track record of operations along with experienced management

MTPL was established in 1989 and has been engaged in the manufacturing of transformers and smart meters, and executes EPC contracts for the construction of power substations and electrification projects for various power distribution companies across India. The company's directors, Mr. Ankit Agarwal, Mr. Dinesh Kumar, Mr. Anubhav Agarwal, and Mrs. Chanchal Rani, bring over three decades of the industry experience. This extensive experience coupled with established track record of operations have helped the company to forge healthy relationships with its customers and suppliers.

Acuité believes that the management's extensive experience will continue to play a pivotal role in strengthening the company's business risk profile.

#### Improved business risk profile

The operating income of the company grew to Rs.276.66 Cr. in FY2024 against Rs.146.63 Cr. in FY2023. The improvement in the revenues is on account of higher volume of orders and timely execution. The major contributor was the expanded installed capacity, which significantly boosted production in the transformer segment. Although the installed capacity for energy meters remained the same, actual production saw a marginal increase. Further, in 9MFY25, the revenue stood at ~Rs.338.40 Cr. The capacity utilization also improved in FY2024 with utilization of 81.61 percent and 73.55 percent, as against 64.26 percent and 71.03 percent in FY2023 for transformer and meters respectively. Further, the company has a moderate order book position of Rs 331.90 Cr. as of March 2025, reflecting moderate revenue visibility over the medium term.

#### Moderate financial risk profile:

MTPL's financial risk profile improved and stood moderate marked by moderate network, low gearing and healthy debt protection metrics. The net worth stood at Rs. 57.21 Cr. as on March 31st, 2024, as against Rs. 46.77 Cr. as on March 31st, 2023. The total debt of the company stood at Rs. 18.95 Cr. as on March 31, 2024, as against Rs. 7.01 Cr. as on March 31, 2023. The debt profile of the company comprises of Rs. 0.26 Cr. of long-term debt and Rs. 18.68 Cr. of short-term debt. The gearing of the company stood below unity at 0.33 times as on March 31, 2024, as compared to 0.15 times as on March 31, 2023. The TOL/TNW of the company stood at 0.85 times as on March 31, 2024, as against 0.73 times as on March 31, 2023. Further, the debt protection metrics of the company stood healthy reflected by debt service coverage ratio of 10.75 times for FY2024 as against 6.10 times for FY2023. The interest coverage ratio stood at 13.93 times for FY24 as against 7.89 times for FY23. The net cash accruals to total debt (NCA/TD) stood at 0.59 times in FY2024 as compared to 0.74 times in the previous year. Acuité believes that the company's ability to maintain its healthy financial risk profile will remain a key monitorable over the medium term.

#### Improved Working capital operations:

The working capital operations of the company improved with Gross Current Assets (GCA) of 78 days in FY2024, compared to 147 days in FY2023. The inventory levels stood at 26 days in FY2024 when compared against 20 days in FY2023. The debtor days stood at 43 days in FY2024 as compared against 123 days in FY2023. The improvement is a result of billing being done in a timely manner. The creditor days stood at 41 days in FY2024 as against 74 days in FY2023.

Going ahead, the ability of the company to maintain efficient working capital operations will remain a key monitorable.

### Weaknesses

#### Vulnerability of profitability to volatility in raw material prices

The company's operating margins are vulnerable to fluctuations in raw material prices. The company imports Cold Rolled Grain Oriented Electrical Steel (CRGO), a key component in transformers. Therefore, any fluctuations in raw material prices can affect the profitability margins.

### Rating Sensitivities

- Sustenance of improvement in scale of operations
- Sustained order-book growth.
- Elongation in working capital cycle

## **Liquidity Position**

### **Adequate**

MTPL generated net cash accruals of Rs. 11.22 Cr. in FY2024 as against no maturing debt obligations in the same tenure. In addition, it is expected to generate sufficient cash accruals in the range of Rs.17 to 27 Cr. against its maturing repayment obligations of Rs. 1.3 to 1.5 Cr. The cash and bank balances of the company stood at Rs. 0.16 Cr as on March 31, 2024. The current ratio stood at 1.61 times as on March 31, 2024. Further, the working capital management of the company is efficient in nature marked by Gross Current Assets (GCA) of 78 days in FY2024, with moderate reliance on working capital limits with consolidated average fund based limit utilisation of ~82 percent in the last five months ended Feb 2025.

Acuité believes that going forward the company will maintain adequate liquidity position owing to steady accruals.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	276.66	146.63
PAT	Rs. Cr.	10.45	4.67
PAT Margin	(%)	3.78	3.19
Total Debt/Tangible Net Worth	Times	0.33	0.15
PBDIT/Interest	Times	13.93	7.89

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Nov 2024	Bank Guarantee/Letter of Guarantee	Short Term	23.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	18.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Cash Credit	Long Term	4.50	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
30 Aug 2023	Bank Guarantee/Letter of Guarantee	Short Term	23.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	18.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
10 Jun 2022	Bank Guarantee/Letter of Guarantee	Short Term	23.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	18.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	4.50	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE A3+   Upgraded ( from ACUITE A4+ )
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A3+   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	27.00	Simple	ACUITE A3+   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB- )
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB- )
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A3+   Assigned

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Sahil Sawant Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.