

Press Release

28 December, 2017



MAINTEC TECHNOLOGIES PRIVATE LIMITED (MTPL)

Rating Assigned

| | |
|--------------------------------------|----------------------------|
| Total Bank Facilities Rated * | Rs.5.50 cr |
| Long Term Rating | SMERA B+ / Outlook: Stable |
| Short Term Rating | SMERA A4 |

Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (**read as SMERA B plus**) and short term rating of '**SMERA A4** (**read as SMERA A four**) on the Rs. 5.50 crore bank facilities of MAINTEC TECHNOLOGIES PRIVATE LIMITED. The outlook is '**Stable**'.

Maintec Technologies Private Limited (MTPL) incorporated in 1997 is a Bangalore-based company promoted by Mr. Chandra Gupta, Mr. Rajendra Gupta and Mr. Yenamantra Ramachandran. The company provides staffing services to corporates, particularly IT companies. The company has offices at Bangalore, Noida, Pune and Chennai.

Key Rating Drivers

Strengths

Established track record of operations, experienced management

The Bangalore-based MTPL incorporated in 1997 provides IT staffing solutions to corporates. The promoters, Mr. Chandra Gupta, Mr. Rajendra Gupta and Mr. Yenamantra Ramachandran have more than two decades of experience in the aforementioned business. This has helped build healthy relations with customers.

Reputed clientele

MTPL mainly caters to reputed IT companies including IBM India Private Limited, HCL Technologies Private Limited, Accenture Solutions Private Limited among others.

Weaknesses

Small scale of operations

The company has small scale of operations with operating income at Rs.27.67 crore for FY2017 as against Rs.29.71 crore for FY2016 and Rs.32.22 crore for FY2015. The company registered revenue of ~Rs.12.00 crore from April to October 2017.

Average financial risk profile

The financial risk profile is average marked by networth of Rs.8.33 crore as on 31 March, 2017 against Rs.8.67 crore in the previous year. The gearing (debt-to-equity) stood at 0.53 times as on 31 March, 2017 against 0.67 times as on 31 March, 2016. The total debt of Rs.4.38 crore mainly comprises term loan of Rs.1.52 crore and working capital borrowing of Rs.2.86 crore as on 31 March, 2017. The Interest Coverage

Ratio (ICR) stood at 1.20 times while the DSCR stood at 0.65 times for FY2017. Further, NCA/TD stood at 0.02 times for FY2017.

Intense competition

The company is exposed to intense competition from several organised and unorganised players in the industry.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of MTPL to arrive at the rating.

Outlook: Stable

SMERA believes that MTPL will maintain a stable outlook over the medium term owing to the promoters' industry experience and established relations with customers. The outlook may be revised to 'Positive' if MTPL substantially improves its revenue by diversifying its client base and prudently managing its working capital requirements. Conversely, the outlook may be revised to 'Negative' in case of decline in capital structure and deterioration of financial risk profile.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 27.67 | 29.71 | 32.22 |
| EBITDA | Rs. Cr. | 0.97 | 2.11 | 3.28 |
| PAT | Rs. Cr. | -0.33 | 0.15 | 1.64 |
| EBITDA Margin | (%) | 3.52 | 7.09 | 10.19 |
| PAT Margin | (%) | -1.19 | 0.51 | 5.09 |
| ROCE | (%) | 6.04 | 11.90 | 51.38 |
| Total Debt/Tangible Net Worth | Times | 0.53 | 0.67 | 0.50 |
| PBDIT/Interest | Times | 1.20 | 2.36 | 5.03 |
| Total Debt/PBDIT | Times | 3.60 | 3.24 | 1.21 |
| Gross Current Assets (Days) | Days | 56 | 79 | 75 |

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History

Not Applicable

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|-------------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 0.75 | SMERA B+ / Stable |
| Cash Credit* | Not Applicable | Not Applicable | Not Applicable | 2.00 | SMERA B+ / Stable |
| Bills Discounting | Not Applicable | Not Applicable | Not Applicable | 2.75 | SMERA A4 |

**(Rs.0.10 crore of bank guarantee facility is sublimit of cash credit)*

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ABOUT SMERA

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