Press Release

Maintec Technologies Private Limited

June 17, 2019

Rating Upgraded

Total Bank Facilities Rated*	Rs. 5.50 Cr.
Long Term Rating	ACUITE B/ Outlook: Stable (Upgraded from ACUITE D)
Short Term Rating	ACUITE A4 (Upgraded from ACUITE D)

* *Refer Annexure for details*

Rating Rationale

Acuité has upgraded the long-term rating of '**ACUITE B' (read as ACUITE B)** from **'ACUITE D' (read as ACUITE D)** and short-term rating of **'ACUITE A4' (read as ACUITE A four)** from **'ACUITE D' (read as ACUITE D)** to the Rs. 5.50 crore bank facilities of Maintec Technologies Private Limited (MTPL). The outlook is **'Stable'**.

The rating upgrade is on account of regular account conduct and timely repayment of debt obligations as confirmed by the banker.

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.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MTPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management and reputed clientele**

MTPL, incorporated in 1997 is Bangalore based company engaged in business of providing staffing services to IT companies. 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 in building healthy relationship with customers such as companies operating under IT services. MTPL has reputed list of clients including IBM India Private Limited, HCL Technologies Private Limited, Accenture Solutions Private Limited, Wipro Technologies, Oracle Financial Services Software Private Limited and Tech Mahindra Limited, to name a few.

Weaknesses

- **Decline in operating income**

MTPL has recorded decline in operating income of Rs.17.00 crore for FY2019 (Provisional) against operating income of Rs.18.04 crore for FY2018 and Rs.27.67 crore for FY2017. Operating income is declining over years mainly on account of number of employees being recruited by client companies has reduced substantially pertaining to growing demand of industry in terms of specific skill sets and knowledge.

- **Competitive and fragmented industry**

The company operates in a competitive industry as there are many organized and un-organized players in the staffing services industry. However, as explained by the management, the company is in the same line of business for the past two decades, and has tied up with some of the most reputed corporate clients which moderates this risk to some extent.

Liquidity Position

MTPL has average liquidity marked by growing net cash accruals to no debt obligations. MTPL generated cash accruals of Rs. 0.80 crore to 0.08 crore during the last three years through 2017-19, while its maturing debt obligations were in the range of Rs.0.30 to 0.87 crore over the same period. The cash accruals of MTPL are estimated to remain around Rs.0.71 to 0.90 crore during 2019-21 while its repayment obligation is estimated to be around 0.10 crore. MTPL maintains unencumbered cash and bank balances of Rs.0.75 crore as on March 31, 2019 (Provisional). The current ratio stands high at 4.17 times as on March 31, 2019 (Provisional). Acuité believes that the liquidity of MTPL is likely to remain adequate over the medium term on account of growing cash accrual and no major repayments over the medium term.

Outlook: Stable

Acuité believes that MTPL will maintain a stable business risk profile over the medium term owing to the promoters' industry experience and established relationships 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	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	17.00	18.04	27.67
EBITDA	Rs. Cr.	1.16	0.12	0.97
PAT	Rs. Cr.	0.44	(0.73)	(0.33)
EBITDA Margin	(%)	6.84	0.64	3.52
PAT Margin	(%)	2.57	(4.03)	(1.19)
ROCE	(%)	8.05	(2.15)	5.92
Total Debt/Tangible Net Worth	Times	0.49	0.44	0.53
PBDIT/Interest	Times	2.64	0.25	1.20
Total Debt/PBDIT	Times	3.09	22.50	3.60
Gross Current Assets (Days)	Days	125	55	56

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

Not applicable.

Any other information

None.

Applicable Criteria

- Default Recognition - https://www.acuite.in/view-rating-criteria-17.htm
- Entities in Service Sector - https://www.acuite.in/view-rating-criteria-8.htm
- Financial Ratios And Adjustments -https://www.acuite.in/view-rating-criteria-20.htm

Note on complexity levels of the rated instrument

https://www.acuite.in/criteria-complexity-levels.htm

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
28-Feb-2019	Term Loans	Long Term	0.75	ACUITE D (Indicative)
	Cash Credit	Long Term	2.00^	ACUITE D (Indicative)
	Bill Discounting	Short Term	2.75	ACUITE D (Indicative)
27-Dec-2017	Term Loans	Long Term	0.75	ACUITE B+/Stable (Assigned)

	Cash Credit	Long Term	2.00^	ACUITE B+/Stable (Assigned)
	Bill Discounting	Short Term	2.75	ACUITE A4 (Assigned)

^Rs.0.10 crore of bank guarantee facility is sublimit of cash credit

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loans	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE B/Stable (Upgraded))
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00^	ACUITE B/Stable (Upgraded)
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	2.75	ACUITE A4 (Upgraded)

^Rs.0.10 crore of bank guarantee facility is sublimit of cash credit

Contacts

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About Acuité Ratings & Research:
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