

Press Release

Mamta Transformers Private Limited

November 14, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 10.00 crore bank facilities of Mamta Transformers Private Limited. The outlook is '**Stable**'.

Mamta Transformers Private Limited (MTPL) was incorporated in 1995 at Indore, Madhya Pradesh. The company is promoted by Mr. Vineet Ora and Mr. R.L. Ora who are having more than two decades of experience in the transformer manufacturing industry. MTPL is engaged in manufacture and repair of transformers and transformers tank and is an approved vendor for the state electricity boards of Madhya Pradesh, Tamil Nadu and Maharashtra. MTPL can manufacture transformers upto 1000 KVA.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Mamta Transformers Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management and established track record of operations**

MTPL has been engaged in the manufacturing of transformers since 1995. The promoter of the company Mr. Vineet Ora and Mr. R.L. Ora, has an experience of more than two decades in the power sector. With the promoters' extensive industry experience and timely execution of projects, MTPL has been able to establish long standing relationship with its clients.

- Healthy order book position**

The company supplies power transformers for government organisations based out of Madhya Pradesh, Tamil Nadu and Maharashtra such as Tamil Nadu Generation and Distribution Corporation(TANGEDCO), Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd.(MPPKVVCL) among others. The company has order book of Rs.23.10 crore as on August, 2018 providing revenue visibility over the medium term. The entity also generated a revenue of Rs.5.71 crore(Provisional) from April, 2018 to July, 2018.

Weaknesses

- Working capital intensive operations**

MTPL operates in a highly competitive and fragmented industry characterized by large number of unorganized players affecting margins. The operations are working capital intensive marked by GCA days of 268 as on 31 March, 2018 as against 364 as on 31 March, 2017. This is mainly due to high debtors of 145 days as on 31 March, 2018 as against 189 days as on 31 March, 2017.. The inventory days stood at 113 as on 31 March, 2018 as against 141 as on 31 March, 2017.

- Tender based nature of business**

The company deals mainly with government organization which provides orders on tender basis, indicating that revenues are highly dependent on number and value of tenders floated by the Government. Going forward the company's ability to bid for large orders and qualifying for the same

remains to be seen.

Outlook: Stable

ACUITE believes that MTPL will maintain its moderate financial risk profile over the medium term on account of its established track record, experienced management and healthy order book position. The outlook may be revised to 'Positive' in case of a substantial and sustained growth in revenues and operating profitability. Conversely, the outlook may be revised to 'Negative' in case of higher-than-anticipated increase in its working capital requirements most likely as a result of delays in realization of receivables or as a result of higher working capital requirement leading to deterioration in the financial risk profile

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	16.61	13.39	11.56
EBITDA	Rs. Cr.	0.93	0.64	0.82
PAT	Rs. Cr.	0.19	0.16	0.14
EBITDA Margin	(%)	5.61	4.75	7.10
PAT Margin	(%)	1.15	1.21	1.20
ROCE	(%)	14.03	14.41	28.57
Total Debt/Tangible Net Worth	Times	1.75	2.29	2.48
PBDIT/Interest	Times	1.61	1.32	1.30
Total Debt/PBDIT	Times	4.24	4.32	4.45
Gross Current Assets (Days)	Days	268	364	365

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4

CC includes Sub limit of LC of Rs. 2.00 Crore

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About Acuité Ratings & Research:

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