

Press Release

Maestros Electronics and Telecommunications Systems Limited

June 17, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 26.00 crore
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB+** (**read as ACUITE double B plus**) and short-term rating of '**ACUITE A4+** (**read as ACUITE A four plus**) on the bank facilities of Rs. 26.00 crores for Maestros Electronics and Telecommunications Systems Limited (METSL). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company.

Mumbai based, METSL is a public limited company listed on BSE, was incorporated in 2010. The company is engaged in the business of Healthcare, Telemedicine and various other IT enabled Medical and other electronic equipments and solutions. The company manufactures medical equipments such as ECG machines, Patient monitor, Defibrillator, Pulse Oximeter among others.

The company also provides telemedicine solutions such as Tele ECG, Event recorder, Rehab solution and Ambulatory System among others and provides financial inclusion solution consisting of components including Micro ATM, Biometric Authentication, Smart Card reader and Receipt printing among others. The company has currently received an order from Ministry of Defence (Indian Navy) worth Rs. 91.66 crore for medical equipments and telemedicine. The Directors of the company are Mr. Balkrishna K. Tendulkar, Mr. Narendra P. Mahajani, Mr. Nitin S. Paranjape, Mr. Kiran Bhide and Dr. Vasundhara Atre.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced management

The company was incorporated in 2010, thus has an operational track record of almost a decade in the aforementioned line of business. Mr. Balkrishna K. Tendulkar (Managing Director) is a B. E. (Instrumentations) and Post Graduate Diploma in Business Management (PGDBM) from University of Mumbai. He had been associated with K. E. M Hospital, Mumbai with Research & Development team for almost 8 years. Mr. Nitin Paranjape is a M.D (Gynaecology) having an experience of over three decades. Mr. Kiran Bhide is a B.E (Mechanical) and MBA with vast experience in the industry. Further, Mr. Narendra Mahajani is a B. Com, FCA & FICWA having over 25 years of experience. Also, Dr. Vasundhara Atre, M.B.B.S, M.D with expertise as Anaesthesiologist, Cardiac Anaesthesiologist and Liver Transplant Anaesthesiologist. This has helped the company maintain long standing relations with customers and suppliers and also reflected in orders received from Ministry of Defence (Indian Navy). Acuité believes that the company will sustain its existing business profile on the back of experienced management.

Weaknesses

- **Modest scale of operations**

Operating income of METSL remained stagnant at Rs. 9.59 crore in FY2019 as against Rs. 9.49 crore in FY2018. Further, the company booked revenue of Rs. 10.50 crore for the period April to December, 2019. Acuité believes that the revenues are expected to improve on account of order received from Indian Navy of Rs. 91.66 crore which is to be executed by FY2021 showing revenue visibility over near to medium term.

Liquidity Position: Adequate

The company has adequate liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs. 1.00 crore for FY2019 (Provisional) while its maturing debt obligations were Rs. 0.44 crore for the same period. The cash accruals of the company are estimated to remain in the range of around Rs. 2.00 crore to Rs. 5.00 crore during 2019-21 against no repayment obligation. The company's working capital operations are intensive marked by gross current asset (GCA) days of 202 days for FY2019 (Provisional). The company maintains unencumbered cash and bank balances of Rs. 0.12 crore as on 31 March 2019 (Provisional). The current ratio stands at 1.91 times as on 31 March 2019 (Provisional). Acuité believes that the liquidity of the company is likely to remain moderate over the medium term on account of moderate cash accrual against no major debt repayments over the medium term.

Material Covenants

None

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	9.59	9.49
PAT	Rs. Cr.	0.35	(0.25)
PAT Margin	(%)	3.61	(2.66)
Total Debt/Tangible Net Worth	Times	0.18	0.20
PBDIT/Interest	Times	4.02	1.74

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

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- 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>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-May-2019	Proposed Cash Credit	Long Term	3.50	ACUITE BB+/Stable (Assigned)

	Proposed Letter of Credit	Long Term	10.00	ACUITE A4+ (Assigned)
	Proposed Bank Guarantee	Short Term	12.50	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE BB+ (Withdrawn)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ (Withdrawn)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	12.50	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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