

March 24, 2025

CTR Manufacturing Industries Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based- Cash credit	52.00	52.00	[ICRA]A+ (Stable); reaffirmed
Short-term fund-based - Bills discounting	20.00	20.00	[ICRA]A1; reaffirmed
Short-term non-fund-based - Working capital facilities	52.00	52.00	[ICRA]A1; reaffirmed
Total	124.00	124.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation factors in the established market position of CTR Manufacturing Industries Private Limited (CTR) in tap changers and fire protection systems for transformers in the country, a healthy financial risk profile, its strong liquidity position and moderate debt levels. The ratings also factor in the technological tie-ups with various multinational companies, which enable the company to maintain its market leadership in the tap changer and fire protection market for transformers. CTR reported a healthy revenue growth of 9.4% at Rs. 483.9 crore in FY2024 with an operating profit margin (OPM) of ~16.3%, aided by stable demand for its products. ICRA expects CTR's transformer segment to benefit from the growth in the power sector amid the various reforms being undertaken.

The ratings, however, continue to be constrained by the company's moderate scale of operations coupled with moderately high working capital intensity of operations. The working capital intensity has remained moderately high driven by the long receivable cycle of around 135 days on a consolidated basis. ICRA, however, notes that the company has been making constant efforts to streamline its debtor position through favourable arbitration directives and recovery measures, which has lowered the debtor days to 123 days in FY2024 from 162 days in FY2022. Although the company's receivable position has improved, it continues to face moderately high working capital intensity. The ratings also take into consideration the susceptibility of demand for transformers and its ancillaries to Government policies along with the increasing competition from existing domestic players and the potential entry of international players.

The Stable outlook on the long-term rating reflects ICRA's opinion that CTR will continue to benefit from the extensive experience of its promoters, its strong net worth and a healthy liquidity position. Further, the company's operations shall remain supported by the Government's continuing thrust on infrastructure to support growth.

Key rating drivers and their description

Credit strengths

Well-established position with sizeable market share and reputed customer base – CTR has established a strong position in the market for tap changers and fire protection systems for transformers, which constitute its key products. CTR also has a diversified and reputed customer profile, which includes established transformer companies such as Bharat Bijlee Limited, Atlanta Electricals Pvt. Ltd., Transformers & Rectifiers of India and Voltamp Transformers Limited. Going forward, the company is expected to witness a reasonable scale-up in volumes over the medium term, aided by the increasing number of transformers being set up across the country to meet the growing demand for power.

Access to superior technology through collaboration with reputed multinational technology companies – CTR has been following a strategy of entering into technological collaborations with leading global companies such as CFR, Switzerland, for plastic film capacitors; ELIN OLTC, Austria, for in-tank tap changers; and ELIN Energieversorgung, Austria, for fire prevention systems. As a result, over the years, the company has gained sufficient technical expertise to develop its own products through in-house research and development (R&D) that has ensured established relations with key transformer manufacturers and repeat orders.

Healthy financial position and liquidity position – CTR's financial risk profile remains healthy, driven by its market leadership position and a strong track record in its product market. The company posted an OPBDITA of Rs. 78.8 crore in FY2024 on consol basis, a YoY growth of ~19% with operating margins improving to 16.3% in FY2024 from 15.0% in FY2023. As a result of healthy cash generation and significant liquidity at hand, the company's reliance on external debt for funding working capital requirements and its capex plans has remained limited. The company's total debt/OPBDITA improved to 0.51x in FY2024 against 0.76x in FY2023, driven by the increase in operating profit. The company's interest coverage ratio improved to 20.2x in FY2024 against 18.0x in FY2023. The company's liquidity position remains strong, backed by free cash balances/fixed deposits of Rs. 125.6 crore and cushion in working capital borrowings as on March 31, 2024.

Credit challenges

Moderate scale of operations – The company's operating scale has remained moderate over the past few years. However, the revenues have witnessed healthy growth over the past few years, driven by a steady offtake of its products on the back of a stable demand from the transformer sector. The company is expected to report a healthy growth in revenues, going forward, backed by a robust order book, short execution cycle, steady replacement demand and an expanding transmission and distribution network, thereby ramping up the scale of operations.

Working Capital Intensive Operations – Over the last couple of years, the company's debtor position has improved, as the company has been able to curb its debtor days to 135 days as on March 31, 2024 from 162 days in FY2022. Working capital cycle remains moderately high at 23% although same has improved from 35% in FY2019 over the last couple of years, however, remains susceptible to timely inflow of funds from the end users due to the nature of operations.

Demand for transformer ancillaries susceptible to Government policies, increasing competition from existing domestic and international player – The demand for transformers and its ancillaries is cyclical and is driven by investments in the power sector, which in turn is dependent on Government policies and initiatives. Moreover, there could be a potential entry of international players, which will increase the competitive intensity for CTR. Thus, the company's operating income and profits remain vulnerable to these factors.

Liquidity position: Strong

ICRA expects CTR's liquidity position to remain strong, aided by healthy cash flow from operations, (Consolidated) free cash balances/fixed deposits of Rs. 125.6 crore and investments in mutual fund of Rs. 20.90 crore as on March 31, 2024. The company has healthy cushion in its working capital limits where the limit utilisation has averaged about 36% for the last 12 months ended Oct 2024. Going forward, the company will be funding its capex plans through internal accruals while maintaining a strong liquidity position.

Rating sensitivities

Positive factors – The ratings maybe upgraded in a scenario of a sizeable growth in the revenues and profitability of the company while maintaining healthy capitalization and coverage indicators along with maintaining healthy liquidity position.

Negative factors – Any material moderation in the profitability of the company resulting in the moderation in the debt metrics and/or liquidity position may result in a rating downgrade. Any material debt funded capex and/or a stretch in the working capital cycle resulting in the moderation in the credit metrics and/or liquidity position may result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings for the company are based on consolidated financials

About the company

CTR incorporated in December 1964 by Pratap Kumar as a Public Limited Company, is engaged in the manufacturing of transformer ancillaries, with tap changer, fire protection system and radiator forming the company's key products. The company's operation are headed by Mr. V.K. Wakchaure, who is the Managing Director of the company after the promotion of erstwhile Managing Director Mr. A.P. Kumar as Vice Chairman of the company. CTR has its head office in Pune and manufacturing facilities in Pune, Aurangabad and Nashik.

Key financial indicators (audited)

CTR Consolidated	FY2023	FY2024
Operating income	442.3	483.9
PAT	46.6	55.6
OPBDIT/OI	15.0%	16.3%
PAT/OI	10.5%	11.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.5
Total debt/OPBDIT (times)	0.8	0.5
Interest coverage (times)	18.0	20.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Mar-24-2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund-based - Cash credit	Long term	52.00	[ICRA]A+ (Stable)	Dec-22-23	[ICRA]A+ (Stable)	Sep-16-22	[ICRA]A+ (Stable)	Aug-10-21	[ICRA]A (Positive)
Short-term fund-based - Bills discounting	Short term	20.00	[ICRA]A1	Dec-22-23	[ICRA]A1	Sep-16-22	[ICRA]A1	Aug-10-21	[ICRA]A1

Short-term - Non-fund- based- LC/BG	Short term	52.00	[ICRA]A1	Dec-22-23	[ICRA]A1	Sep-16-22	[ICRA]A1	Aug-10-21	[ICRA]A1
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Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based- Cash credit	Simple
Short-term Fund-based - Bills discounting	Simple
Short-term non-fund based – Working capital facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based- Cash credit	NA	NA	NA	52.00	[ICRA]A+ (Stable)
NA	Short-term fund-based - Bills discounting	NA	NA	NA	20.00	[ICRA]A1
NA	Short-term non-fund-based – LC/BG	NA	NA	NA	52.00	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

Company Name	CTR's Ownership	Consolidation Approach
CTR Exports Private Limited	100%	Full Consolidation
Polymermann (Asia) Private Limited	100%	Full Consolidation

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