

CTR Manufacturing Industries Limited

Instrument	Amount	Rating Action
Term Loan	Rs. 11.44 crore (revised from Rs. 16.50 crore)	[ICRA]A (stable) reaffirmed
Long-term, fund based limits	Rs. 44.00 crore	[ICRA]A (stable) reaffirmed
Short-term, fund based limits	Rs. 2.50 crore	[ICRA]A1 reaffirmed
Short-term, non-fund based limits	Rs. 41.72 crore (revised from Rs. 30.72 crore)	[ICRA]A1 reaffirmed
Long-term/Short-term, unallocated limits	Rs. 1.24 crore (revised from Rs. 7.18 crore)	[ICRA]A (stable)/ [ICRA]A1 reaffirmed

ICRA has reaffirmed the long-term rating of [ICRA]A (pronounced ICRA A) to the Rs. 11.44 crore¹ (revised from Rs. 16.50 crore) term loans and Rs.44.00 crore long-term, fund based facilities of CTR Manufacturing Industries Limited ('CTR' or 'the company')². The outlook on the long-term rating is 'stable'. ICRA has also reaffirmed the short-term rating of [ICRA]A1 (pronounced ICRA A one) to the Rs. 2.50 crore short-term, fund based facilities and Rs. 41.72 crore (enhanced from Rs. 30.72 crore) short-term, non-fund based facilities of the company. ICRA has also reaffirmed ratings of [ICRA]A (pronounced ICRA A)/ [ICRA]A1 (pronounced ICRA A one) to the Rs. 1.24 crore (revised from Rs. 7.18 crore) long-term/short-term unallocated bank facilities of the company.

The reaffirmation of the rating factors in the long-standing experience of the promoters in the industry, strong competitive position of the company in the domestic transformer accessories segment having a reputed customer base, the company's superior technological capabilities by virtue of multiple collaborations with reputed technology companies worldwide, and comfortable financial risk profile characterized by healthy capital structure, profitability and comfortable debt coverage indicators. The company has demonstrated steady growth in operating income despite difficult domestic market conditions. The longer term demand prospects for transformer accessories remain favourable driven by the planned investments in power infrastructure in India, which lends sustainability to future revenue growth for the company; the company has also been developing a bouquet of new products, which shall benefit from a turnaround in the domestic power industry. Increased focus of the company in tapping the export potential shall also support future revenue growth and profitability.

CTR's challenges include moderate scale of operations, competition from existing domestic players as well as potential entry of international players in the technology-oriented industry which could pose a risk to its revenue growth, and the prolonged slowdown in the power transformer industry. Some of the company's peripheral business segments namely Radiators and Capacitors already face intense competition in the domestic market. The ratings are also constrained by the capital expenditure plans of the company over the medium term, primarily towards capacity expansion and new product manufacturing facilities, which shall marginally stretch the free cash flows of the company.

Company Profile

CTR Manufacturing Industries Limited ('CTR' or 'the company') was incorporated in December 1964 by Mr. P. Kumar as a Public Limited Company and is engaged in the manufacture and marketing of electronic and electrical products targeting the power industry. The product profile of the company apart from others includes a range of On Load and In-tank Tap Changers (OLTC), Radiators for transformers, Explosion Prevention and Fire Extinguishing Systems for transformers and reactors, Plastic Film Capacitors, Electrical Capacitors, Power Factor Correction Capacitors, Capacitors for Power Electronics, and Relays for Substation Automation Systems. The company also supplies a range of Material Handling Equipments.

The company has manufacturing facilities at Nagar Road, Pune (first factory, set up in 1965), Aurangabad and Nashik. The Pune factory also has a showroom for Material Handling Equipment. The company has set up a

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



Research and Development Centre in its factory premises in Nashik and the same is approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India. The Electrical Testing Lab at Nashik factory premises is accredited to the National Accreditation Board for Testing and Calibration Laboratories (NABL).

Recent Results

CTR, on a standalone basis, reported a net profit of Rs. 19.52 crore in FY2016 (Provisional) on an operating income of Rs. 207.50 crore as compared to a net profit of Rs. 14.38 crore on an operating income of Rs. 183.22 crore in FY2015.

May 2016

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