

## The Motwane Manufacturing Company Private Limited

February 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	10.25	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	7.41	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Rating Limited (CARE Ratings) has been seeking information from The Motwane Manufacturing Company Private Limited (MMCPL) to monitor the ratings vide e-mail communications dated November 15, 2024, December 05, 2024, December 09, 2024, and December 12, 2024, among others and multiple phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings based on best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on MMCPL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING\***

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The rating has been revised on account of insufficient information to arrive at the rating. The ratings further remained constrained by modest scale of operations leading to thin cash accruals, fluctuating profitability margins, leveraged capital structure, weak debt coverage indicators and working capital intensive nature of operations. The rating however continues to derive strength from the long track record of the company along with experienced promoters and diversified product portfolio coupled with established relations with reputed customers.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on February 07, 2024, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies:

#### Key weaknesses:

##### Modest scale of operations:

MMCPL's scale of operations remained modest marked by Total Operating Income (TOI) grew marginally by 6.30% in FY24 to Rs.46.60 crore as against Rs.43.84 crore in FY23. The modest scale of operations limits its financial flexibility to meet any exigency.

##### Fluctuating profitability margins:

The PBILDT margin of the company continues to remain volatile and the same has improved from 4.78% in FY23 to 8.26% in FY24 owing to change in product mix led to better sales realization. Despite improvement in PBILDT, MMCPL continued to report net loss of Rs.0.58 crore in FY24 (vis-à-vis net loss of Rs.2.29 crore in FY23). Although net loss has been reduced during FY24 over FY23.

##### Leverage capital structure and weak debt coverage indicators:

The capital structure continues to remain leveraged and the same has deteriorated as marked by overall gearing stood at 3.05 times as on March 31, 2024 (vis-à-vis 2.03 times as on March 31, 2023) due to increase in the total debt. Further, debt coverage indicators marked by interest coverage improved to 1.92x in FY24 (PY: 1.13x) and total debt to GCA to 7.81x in FY24 (PY: 20.58x) owing to improvement in PBILDT margin. Despite the improvement in profitability, the debt coverage indicators continue to remain weak.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Working capital intensive nature of operations:**

The operating cycle of MMCPL improved in FY24 and stood at 137 days compared to 148 days in FY23, on account of improvement in inventory period from 119 days in FY23 to 97 days in FY24. However, the collection period increased marginally from 66 days for FY23 to 77 days in FY24. Despite improvement, the operating cycle remained elongated. Hence, the operations remained working capital intensive.

**Competition from organized and unorganized sectors:**

MMCPL operates in a competitive industry and there are large numbers of organized and unorganized players who are engaged in manufacturing & trading of electronic and electrical products. Moreover, the company also faces competition from the international players. Additionally, the prospects of the company are largely linked to the end-user industry comprising power, railways, defence, Oil & Gas, Cement, Steel and OEMs the operations of which are largely dependent upon the market sentiments.

**Key strengths**
**Long track record of the company along with experienced promoters:**

Incorporated in 1960 by Mr. Pratishwar Motwane, the company has exhibited a long track record of operations of over six decades in the business of manufacturing and distribution of high-performance electrical testing, measuring equipment and recording instruments in India. The promoters are well experienced in this line of business and are supported by people from professional background handling various functions like Finance, Marketing etc.

**Diversified product portfolio coupled with established relations with reputed customers:**

The company has global distribution network and diversified product portfolio catering to various business in different industry such as Railways, defence, Oil & Gas, Steel & metal, Automobiles, Power and EPC. The product range includes transformer testing, contact resistance meter, circuit breaker timer, earth tester, LA current monitoring, battery ground fault locator, high voltage detector, protection, multi meter, clamp meter, HV probe and others. Further, Telemetrics Equipments Pvt Ltd (TEPL), merged with MMCPL in recent past has been complimenting the product profile as it has been serving power utilities and customers across varied sectors over two decades using technology and prompt and efficient service backup. Besides, the company has long standing industry experience, the directors have established good relationship with the reputed customers and thereby MMCPL earns considerable portion of its total income through well-established and reputed clientele base.

**Liquidity:** Stretched

The liquidity position remained stretched marked by cash and bank balance at Rs. 2.47 crore as on March 31, 2024 (vis-à-vis Rs. 0.13 crore as on March 31, 2023). The current ratio of 1.10x as on March 31, 2024 (vis-à-vis 1.12x as on March 31, 2023). Further, net cash flow from operations remained negative at 0.06 crore in FY24 (vis-à-vis cash flow from operation of Rs. 1.92 crore in FY23).

**Environment, social, and governance (ESG) risks:** Not Applicable

**Applicable criteria**

[Policy on Default Recognition](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Manufacturing Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Short Term Instruments](#)

**About the company and industry**
**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

Incorporated in 1960 by Mr. Pratishwar Motwane, The Motwane Manufacturing Company Private Limited (MMCPL) is a subsidiary of Nagpur Power & Industries Limited. MMCPL is engaged in manufacturing and distribution of high-performance electrical testing, measuring equipment and recording instruments in India. MMCPL's product profile includes electronic and electrical products such as transformer testing, contact resistance meter, circuit breaker timer, earth tester, LA current monitoring, battery ground fault locator, high voltage detector, protection, multi meter, clamp meter, HV probe and others. MMCPL has a diversified range of products which covers the low voltage segment for general industrial applications as well as specialized products for high voltage applications. These products find its application in power, railways, defence, Oil & Gas, Cement, Steel and OEMs and others. Apart

from electrical test & measurement, MMCPL has a presence in two more verticals smart street lighting solutions and security systems. All products are manufactured by the company at its plant located at Nashik Maharashtra, which also houses an integrated research and development (R&D) department, recognized by Department of Scientific and Industrial Research, Government of India. Telemetrics Equipment Pvt Ltd.(TEPL) (wholly owned subsidiary ) is merged with MMCPL w.e.f. Apr 01, 2022. TEPL, the manufacturer and exporter of Electrical Underground Cable Fault Location Equipment based in Pune

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	43.84	46.60
PBILDT	2.10	3.85
PAT	-2.29	-0.58
Overall gearing (times)	2.03	3.05
Interest coverage (times)	1.13	1.92

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.25	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	7.41	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	10.25	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (07-Feb-24)	1)CARE BB; Stable (25-Jan-23) 2)CARE BBB- (CE); Stable (06-Apr-22)	1)CARE BBB- (CE); Stable (06-Apr-21)
2	Non-fund-based - ST-BG/LC	ST	7.41	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (07-Feb-24)	1)CARE A4 (25-Jan-23) 2)CARE A3 (CE) (06-Apr-22)	1)CARE A3 (CE) (06-Apr-21)
3	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE BB (06-Apr-22)	1)CARE BB (06-Apr-21)
4	Un Supported Rating-Un Supported Rating (Short Term)	ST	-	-	-	-	1)Withdrawn (25-Jan-23) 2)CARE A4 (06-Apr-22)	1)CARE A4 (06-Apr-21)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

### Contact us

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### About us:

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