

Mense Electricals Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3.23 (Reduced from 7.00)	CARE B+; Stable	Reaffirmed
Short Term Bank Facilities	8.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Mense Electricals Private Limited (MEPL) continue to remain constrained on account of small scale of operations with moderate profitability margins leading to with weak debt coverage indicators, highly working capital-intensive nature of operations, stretched liquidity and moderate order book position with geographical and segment concentration.

The ratings, however, derive strengths from extensive experience of the promoters and long-standing association with its key customer and comfortable capital structure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with TOI exceeding Rs.20.00 crore with resultant increase in PAT and cash accruals of the company
- Improvement in operating cycle below 200 days with significant reduction in debtors on sustainable basis
- Geographical and sectorial diversification of orders

Negative factors

- Deterioration in PBILDT margin and PAT margin below 6% and 3% respectively

Analytical approach: Standalone

Outlook: Stable

The 'Stable' rating outlook reflects CARE Ratings Limited's (CARE Ratings) expectation to sustain its scale of operations and maintain its profitability on the back of moderate order book position and sustainable financial risk profile of the company.

Detailed description of key rating drivers:

Key weaknesses

Small Scale of operations with moderate profitability margins

Total operating income (TOI) remained low although increased by 40% to Rs.13.11 crore in FY24 over Rs.9.36 crore FY23 on account of higher execution of orders. Further, it reported TOI of Rs.6.48 crore in 9MFY25 as compared to Rs. 4.94 crore in 10MFY24. The company has modest net worth base, which stood at Rs.14.86 crore as on March 31, 2024. Scale of operations remained small, which limits the entity's financial flexibility and restricts the benefits from economies of scale. Further, competition in the industry will continue to restrict future growth prospects.

MEPL's PBILDT margin remained moderate and deteriorated from 12.98% in FY23 to 7.78% in FY24 mainly on account of volatile raw material prices. PAT margin has also decreased from 4.31% in FY23 to 3.61% in FY24 in lines with PBILDT margin. The PBILDT margin stood at 10.65% during 9MFY25.

Weak debt coverage indicators

Debt coverage indicators remained weak on the back of moderate profitability margins and small scale of operations. Total debt to gross cash accruals (GCA) has improved although stood high at 5.39x in FY24 from 7.77x in FY23 due to reduction in the total debt along with slight increase in the GCA levels. Interest coverage ratio improved although stood weak at 1.50x in FY24 as against 1.36x in FY23 due to significant increase in absolute PBILDT and reduction in interest cost. The interest coverage stood at 1.82x during 9MFY25.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Highly working capital-intensive nature of operations

MEPL's average working capital cycle has reduced due to improvement in collection period from 433 days to 285 days however, it continues to remain elongated at 350 days in FY24 compared to 568 days in FY23. Gross Current Asset days remained high at 691 days in FY24 as compared to 860 days in FY23. The company primarily fund its working capital requirements through internal accruals and working capital borrowings and hence, the utilization of the same remained higher.

Moderate order book position with geographical and segment concentration

MEPL has a pending order in hand of Rs. 26.90 crore as on December 31, 2024, which is 2.05 times of TOI of FY24 denoting short term revenue visibility which will be executed by FY25 and FY26. Further MEPL has also participated in couple of tenders from MSEDCL. MEPL is a regional player having its presence in the electrical contracts primarily in the state of Maharashtra, thereby making the entity susceptible to geographical concentration risk. Thus, execution and rewarding of new orders will be key monitorable.

Tender-based nature of operations

MEPL's major portion of the revenue comes from tenders floated by the Maharashtra State Electricity Distribution Company Limited (MSEDCL). Increase in the number of bidders for these projects has further intensified the competition to get these contracts. Furthermore, tender driven nature and lengthy bidding process can impact the revenue growth of the entity while timely completion of orders and translation of the same into revenues is essential.

Key strengths

Comfortable capital structure

MEPL's capital structure remained comfortable on account of relatively low reliance on external borrowings. The overall gearing improved to 0.19x as on March 31, 2024, as compared to 0.26x as on March 31, 2023 on account of reduction in working capital limits by the company. The capital structure expected to remain at the similar levels due to reduction in the working capital limits undertaken by the company.

Extensive experience of the promoters

MEPL is promoted by Ashok Babanrao Mense, Managing Director, who has over 45 years of industry experience and looks after overall management and operations of the company. Amit Ashok Mense, Director has 19 years of experience and oversees overall management operations. Being in the industry for so long has helped the promoters in gaining adequate acumen about the business and establish healthy relations with the customers. Further, the promoters are well supported by second line of management.

Liquidity: Stretched

Liquidity position remained stretched as marked by low cash and bank balances as well as higher utilization of working capital limits. As on March 31, 2024, cash and bank balance remained at Rs.1.33 crore as against Rs. 0.07 crore as on March 31, 2023. Average maximum utilization of working capital limits remained high at 98% for past twelve months ended December 2024. The cash flow from operations stood negative at Rs. 0.22 crore during FY24 as against positive Rs.4.52 crore during FY23. Further, GCA remained low during FY24 at Rs.0.53 crore as against nil debt repayment obligation. Current and quick ratio stood at 2.95x and 1.54x as on March 31, 2024 respectively (compared to 2.13x and 0.99 as on March 31, 2023 respectively).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in the year 2012, Mense Electricals Private Limited (MEPL) was originally started as proprietorship concern 'Mense Electricals' (ME) in 1975. It is promoted by first generation entrepreneur Mr. Ashok Mense who has more than 45 years of experience as an electrical contractor. MEPL is primarily engaged in the EPC business for providing turnkey solutions majorly to state utilities for setting up substations and electrical distribution lines. The company provides EPC services in distribution part of electricity supply chain including substation of 33KV/11KV and 33KV/22KV along with distribution centre transformers and High Tension (HT)/ Low Tension (LT) lines (both overhead and underground). Major business of the company comes from tenders floated by Maharashtra State Electricity Distribution Company Limited.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	9.36	13.11	6.48
PBILDT	1.21	1.02	0.69
PAT	0.40	0.47	0.20
Overall gearing (times)	0.26	0.19	NA
Interest coverage (times)	1.36	1.50	1.82

A: Audited UA: Unaudited NA: Not available; 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		-	-	-	3.23	CARE B+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	8.00	CARE A4

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	3.23	CARE B+; Stable	-	1)CARE B+; Stable (04-Mar-24)	1)CARE B+; Stable (30-Jan-23)	1)CARE BB-; Stable (03-Feb-22)
2	Non-fund-based - ST-Bank Guarantee	ST	8.00	CARE A4	-	1)CARE A4 (04-Mar-24)	1)CARE A4 (30-Jan-23)	1)CARE A4 (03-Feb-22)
3	Fund-based - ST-Standby Line of Credit	ST	-	-	-	-	-	1)Withdrawn (03-Feb-22)

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-Bank Guarantee	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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Ashish Kambli Associate Director CARE Ratings Limited Phone: 022-67543597 E-mail: Ashish.k@careedge.in
	Saurabh Darak Analyst CARE Ratings Limited E-mail: Saurabh.darak@careedge.in

About us:

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