



Press Release

Mantri Metalics Private Limited (MMPL)

May 27, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	56.34	IVR BB / Stable Outlook [IVR Double B with Stable Outlook]	Reaffirmed	Simple
Short Term Bank Facilities	20.00	IVR A4 [IVR A Four]	Reaffirmed	Simple
Total	Rs. 76.34 crore (Rupees Seventy-Six Crore and Thirty-Four Lakh Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics has reaffirmed the rating assigned to the bank loan facilities of MMPL continues to derive strength from experienced management and long track record of operations, improvement in overall profitability, association with reputed customer base and diversified revenue stream with presence in both domestic and export markets. The rating is however constrained by marginal decline in the revenue, moderate capital structure and debt coverage indicators and intense competition in automotive component industry which exert pressure on margins.

Key Rating Sensitivities:

Upward Factors

- Substantial increase in revenue and operating profits, leading to higher operating cash flows on a sustained basis.
- Improvement in the capital structure, marked by the overall gearing ratio of below 1x on a sustained basis.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators.
- Any further increase in the operating cycle, which may adversely impact the company's liquidity position.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management and long track record of operation

MMPL is promoted by Mr. Prasad Purushottam Mantri and Ms. Shruti Prasad Mantri, they have a vast experience in the automobile industry, their strong understanding of market dynamics and healthy relationships with customers and suppliers will continue to support the business risk profile.

Improvement in overall profitability

MMPL's EBITDA margin has marginally improved to 11.65 % as per provisional FY24 from 8.79% in FY23, this marginal improvement in profitability is due to reduction in raw material prices, as MMPL has used steel scarp as a raw material and due to more supply in the market prices get reduced. Further in absolute term EBITDA has increased to Rs.32.97 crore as per provisional FY24 (FY23: Rs.26.11 crore). Further PAT margin also gets improved to 4.25% as per provisional FY24 (FY23: 3.94%), this marginal improvement was due to healthy gross profitability.

Association with reputed customer base

MMPL's business risk profile continues to be supported by healthy relationship developed with various OEMs like Tata Motors, Ashok Leyland, John Deer, Volvo, Tata Cummins, etc. Moreover, reputed client base ensures timely realization of receivables.

Diversified revenue stream with presence in both domestic and export markets

MMPL has a diversified geographical presence in both the domestic and export markets. Exports account for ~26% of its revenue in FY24 provisional and the rest constitute domestic sales. Exports at the company have increased steadily over the years and is expected to increase by 25 % in the coming years as the company remains focussed on scaling up the same.



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Key Rating Weaknesses

Marginal decline in the revenue

As per provisional FY24 MMPL's revenue declined by 4.16% to Rs. 281.40 crore. This decline was driven by a decrease in number of orders received from overseas market due to Russia Ukraine war the supply chain was disrupted. Export contributed 40% of the total sales which is reduce to 25% in FY24 provisional, which is resulted into lower sales.

Moderate capital structure and debt protection metrics

The financial risk profile of MMPL has moderate marked by overall gearing and TOL/TNW ratio which has improved but remain moderate at to 1.23x and 3.02x as per FY24 provisional respectively (FY23: 2.20x and 4.98x respectively), this improvement was done due to reduction in debt levels. The debt protection metrics remains moderate marked by interest coverage ratio of 2.05x as per provisional FY24 (FY23: 1.78x), improvement on account of healthy gross profitability. Debt to NCA has significantly improved but remain moderate at 2.81x as per provisional FY24 (FY23: 4.26x).

Intense competition in automotive component industry which exert pressure on margins.

Intense competition due to the presence of other automotive component manufacturers, which exerts pricing pressures, is likely to weigh on the company's operating margins. With increasing presence of domestic as well as international players in the automotive ancillary business, the competition had increased over the years. Nonetheless, MMPL's strong relationship with its clients mitigates the risk to a certain extent. Further iron & steel are the major raw materials for the company. Steel prices are highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors. Thus, the company's cash flows and profits are susceptible to fluctuation in raw material prices.

Analytical Approach: Standalone



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Applicable Criteria:

[Criteria for assigning rating outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity profile of MMPL is adequate with expected to generate gross cash accruals in the range of Rs.23 to 28 crore as against the repayment obligations of Rs.3 to 13 crore over FY25 and FY27. The current ratio stood at 1.0x as per provisional FY24 (PY:0.96x); The average fund-based bank limit utilization in the last 12 months ended April 2024 stood at ~90%. DSCR of the stood comfortable at 1.23x in provisional FY24.

About the Company

Mantri Metalics Private Limited (MMPL) incorporated in July 31, 1995. MMPL's primary line of business is production and distribution of auto parts primarily to original equipment manufacturer (OEMs). The company manufactures cast iron automotive components like Flywheel, Assemblies, Break Drums, Exhaust Manifolds, Housings & Plates etc. MMPL caters to a diversified segment viz., heavy & light commercial vehicles, tractors, passenger cars and non-automotive components for diesel engines and engineering products. MMPL has a production capacity of 37,200 MT of machined iron castings manufacturing over 200 different types of parts across 3 manufacturing facilities viz., 2 units located at Shirol & Kagal in Kolhapur, Maharashtra and 1 unit located at Pantnagar in Rudrapur, Uttarakhand. MMPL has an integrated facility with all under one roof – foundry, machining, painting & sub-assembly. MMPL has full-fledged paint shop.

Financials (Standalone)*:



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(Rs. Crore)

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	227.72	296.94
EBITDA	13.36	26.11
PAT	9.76	11.89
Total Debt	75.38	60.38
Tangible Net worth	19.64	27.64
EBITDA Margin (%)	5.87	8.79
PAT Margin (%)	4.25	3.94
Overall Gearing Ratio (times)	3.84	2.18

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: Brickwork Ratings India Private Limited in its press release dated April 20, 2023, has continued to place the rating of Mantri Metallica Private Limited under Issuer Not Cooperating category due to non-availability of information.

Any other information: None

Rating History for last three years:

		Current Ratings (Year 2024-25)			Rating History for the past 3 years		
Sr. No.	Name of Instrument / Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2022-23
Press Release					--	March 28- 2023	July 22- 2022
1.	Fund Based – Term Loan	Long Term	9.10	IVR BB / Stable	--	IVR BB / Stable	IVR B / Stable
2.	Fund Based – WCTL	Long Term	3.43	IVR BB / Stable	--	IVR BB / Stable	IVR B / Stable
3.	Fund Based – GECL	Long Term	6.47	IVR BB / Stable	--	IVR BB / Stable	IVR B / Stable
4.	Fund Based – Cash Credit	Long Term	37.34	IVR BB / Stable	--	IVR BB / Stable	IVR B / Stable
5.	Non-Fund Based – Letter of Credit	Short Term	13.50	IVR A4	--	IVR A4	IVR A4



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		Current Ratings (Year 2024-25)			Rating History for the past 3 years		
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Press Release					--	March 28- 2023	July 22- 2022
6.	Non-Fund Based – Bank Guarantee	Short Term	3.80	IVR A4	--	IVR A4	IVR A4
7.	Non-Fund Based – Forward Contract	Short Term	0.70	IVR A4	--	IVR A4	IVR A4
8.	Fund Based – SCF	Short Term	2.00	IVR A4	–	–	–

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Fund Based – Term Loan	–	–	Feb – 2027	9.10	IVR BB / Stable
Long Term – Fund Based – WCTL	–	–	Dec – 2024	3.43	IVR BB / Stable
Long Term – Fund Based – GECL	–	–	Nov – 2026	6.47	IVR BB / Stable
Long Term – Fund Based – Cash Credit	–	–	Revolving	37.34	IVR BB / Stable
Short Term – Non-Fund Based – Letter of Credit	–	–	–	13.50	IVR A4
Short Term – Non-Fund Based – Bank Guarantee	–	–	–	3.80	IVR A4
Short Term – Non-Fund Based – Forward Contract Limits	–	–	–	0.70	IVR A4
Fund Based – SCF	--	--	Revolving	2.00	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Mantri-Metallics-may24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

