

CTR Manufacturing Industries Ltd

About the Company :

CTR Manufacturing Industries Ltd , established on 18th December 1964 , is market leader in the manufacture and marketing of Engineering and Electronic products with manufacturing facilities at Pune, Aurangabad and Nashik in India, Marketing and After Sales Service Offices nationwide and associates worldwide. 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 equipments. The company has set up a research and development centre (R&D centre) at its factory premises at 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, a part of the R&D centre, is accredited to the National Accreditation Board for Testing and Calibration Laboratories (NABL). Brij Mohan Suri, Prajakta Anil Kumar, Kewal Krishan Nohria and Anil Pratap Kumar are the directors of CTR Manufacturing Industries Limited. The company has a well equipped infrastructural base state of the art manufacturing plant that consists with all advanced technology based machines. Company has strong and coordinate supply chain system that helps it to deliver products in promised time frame at clients' end. CTR imports from Italy, Germany, Korea, Taiwan, Japan, China & Exports to South American countries, Indonesia, Malaysia, Bangladesh, Middle East. It has patents in 130 countries including Europe & America . The major regions where the company serves are: Gujarat, Goa, Maharashtra, Karnataka, Daman & Diu, Andhra Pradesh and Telangana.

Infrastructure :

For having systematic work of manufacture and post manufacture tasks, the company has invested a large sum in developing a sound infrastructural setup. It has all-in-all machines and materials required to develop quality Material Handling Equipment and other allied products.

Products :

- The company's product range includes Flange Mounted Tap Changer, In Tank Tap Changer, Pressed Steel Radiators, Nitrogen Injection Fire Protection System for Power Transformers, Electronic & Electrical Capacitors, Material Handling Equipment, Lifting Equipments, Industrial Safety Products, Power Transformer Health Monitoring System etc.
- The Material Handling Equipment range includes Manually operated equipment such as Standard Hand Pallet Trucks, Special Application Hand Pallet Trucks, Scissor Lift Tables, Manual Stackers, Drum/Barrel Handling Equipment etc.

Also, the company has been meeting exact requirements of industries like infrastructure, manufacturing, services, logistics, aviation, ports, power and railways etc. It is all due to the consistent improvement in the quality of Material Handling Equipment and other offered products.

Primary Competitive Advantage :

- Experienced R & D Department
- Good Financial Position & TQM,
- Large Product Line,
- Large Production Capacity,
- Providing Customized Solutions ,
- OEM Capability

Journey till now :

- 1964: Incorporation
- 1965: Technical Collaboration with MW Germany for Radiators
- 1966: Technical collaboration with EE UK for Flange mounted OnLoad Tapchangers.
- 1966: First manufacturing facility operational at Pune.
- 1974: License agreement with CFR, Switzerland for Manufacture of Plastic Film Capacitors.
- 1976 : Second manufacturing facility operational at Aurangabad
- 1977: Export of Capacitors commenced
- 1984: Technical Assistance agreement with Permaequip U.K. for manufacture of Railway Track and Overhead maintenance systems
- 1993: Expanded manufacturing range to cover Plastic Film Box type Capacitors
- 1996: Technology transfer agreement with ELIN Austria for Fire Fighting Equipment for oil immersed Transformers .
- 1996 : Technology transfer agreement with ELIN Austria for Onload Intank Tapchangers.
- 1998: Achieved ISO accreditation
- 1999: Capacitor Division Lab accredited by NABL
- 2006: Acquired Wind Turbine Generator
- 2008: Added Handling Equipment product line
- 2008: Commenced CSR activities
- 2009: Became Holding Company for PAPL, Nashik
- 2012: Set up Research and development Centre at Nashik

Key Customers :

The company has a diversified customer profile which includes most of the established transformer manufacturers in India such as Bharat Bijlee, Crompton Greaves, Kirloskar Electric Co, Schneider Electric, Transformers & Rectifiers (India) and Voltamp Transformers, with none of them accounting for more than 10% of CTR's net sales for FY2017.

Tech Patent War vs Sergi :

CTR had claimed that Sergi's product was an infringement. Sergi denied the allegation and claimed that it uses a different technology and was licenced with a patent issued in 2002 to Phillipe Magnier, whose son Antoine is now Sergi's managing director. CTR had moved the HC in 2012. The Bombay high court had passed an interim order on 22nd October 2015 in favour of CTR Manufacturing Industries Ltd in a patent infringement claim against Sergi Transformer Explosion Prevention Technologies Pvt Ltd. Justice Gautam Patel restrained Sergi, Gurgaon based company to stop making, using or selling Sergi 3000, one of its products or any similar product which CTR claimed violated its August 2006 patented technology for explosion and fire detection in electrical transformers .

ICRA Credit Ratings :

Instrument*	Rated Amount (Rs. crore)	Rating Action
Term loans	12.13 (enhanced from 11.44)	[ICRA]A(Stable); reaffirmed
Long-term, fund-based working capital facilities	46.00 (enhanced from 44.00)	[ICRA]A (Stable); reaffirmed
Short-term, fund-based working capital facilities	10.00 (enhanced from 2.50)	[ICRA]A1; reaffirmed
Short-term, non-fund-based working capital facilities	46.72 (enhanced from 41.72)	[ICRA]A1; reaffirmed
Long-term / short-term, unallocated limits	0.15 (revised from 1.24)	[ICRA]A(Stable)/[ICRA]A1; reaffirmed

As on October 24, 2017

Rationale for credit rating :

- The reaffirmation of the ratings factors in the well established 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, the long-standing experience of the promoters in the industry, and the comfortable financial risk profile characterised by healthy capital structure, profitability and comfortable debt coverage indicators.
- The company has demonstrated steady growth in operating income despite difficult domestic market conditions.

- c) 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.
- d) The company has also been developing a bouquet of new products, which shall benefit from a turnaround in the domestic power industry.
- e) CTR has successfully established export markets for its key products, especially fire prevention systems. This growing export business lends cushion to the company's cash flows from any weakness in the domestic power sector.

Constraints for the ratings

- a) The rating are, however, constrained by moderate scale of its current operations, increasing 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 susceptibility of demand for power and distribution transformers—which are the source of demand for CTR's products—to government policies
- b) Some of the company's peripheral business segments namely radiators and capacitors already face intense competition in the domestic market
- c) 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.

Financial Analysis of CTR Manufacturing Ltd

Particulars	2015-16	2016-17	Growth %
Number of Shares	-	1,88,859	-
Price Per Share (Rs)	-	10,000	-
Market Cap (Crs)	-	188.85	-
Book Value (Crs)	121.27	153.96	26.96
Basic/Diluted EPS	1,072.80	1,768.27	64.82
Revenue from Sale of Products(Crs)	227.43	315.27	38.62
Revenue from Sale of Services (Crs)	4.73	6.58	39.11
EBIT (Crs)	93.72	129.25	37.91
EBITDA (Crs)	97.6	133.39	36.67
Enterprise Value (Crs)	-	205.49	-
NI/PAT (Crs)	20.26	33.39	64.81
Long Term Borrowing (Crs)	2.41	0.86	-64.32
Short Term Borrowing (Crs)	33.95	18.32	-46.04
Cash (Crs)	1.52	2.54	67.11
Finance Cost (Crs)	6.04	4.06	-32.78
Share Capital (Crs)	1.89	1.89	-
Reserves & Surplus (Crs)	119.38	152.07	27.38
Total Assets (Crs)	232.93	285.31	22.49

Ratio Analysis	2015-16	2016-17
Valuation Ratio		
P/E	-	5.66
P/BV	-	1.23
EV/Net Sales	-	0.70
EV/EBITDA	-	1.54
Operating Ratios		
EBITDA/Net Sales	0.47	0.46
PAT/Net Sales	0.10	0.11
Debtors Days	151.71	156
Creditors Days	147.21	180.77
Return Ratios		
ROE(%)	16.71	21.69
ROA(%)	8.70	11.70
ROCE(%)	69.69	76.23
Solvency Ratio		
D/E	0.29	0.11
Current Ratio	1.47	1.59
Interest Coverage Ratio	15.52	31.83

Footnotes :

ROCE = EBIT / (Total Assets - Current Liabilities)

EBIT = Revenue from Sale of Products + Revenue from Sale of Services + Other Operating Revenue - Excise Duty - Service Tax collected - Cost of materials consumed

EBITDA = EBIT + Depreciation + Amortisation

Net Sales = Revenue from Sale of Products + Revenue from Sale of Services + Other Operating Revenue - Excise Duty - Service Tax collected

ROE = Net Income / (Share Capital + Reserves & Surplus)

ROA = Net Income / Total Assets

Interest Coverage Ratio = EBIT / Finance Cost

D/E = Long Term Borrowings + Short Term Borrowings - Cash

Enterprise Value = Market Capitalisation + Long Term Borrowings + Short Term Borrowings - Cash

Debtors Days = (Trade Receivable / Revenue from Sale of Products + Revenue from Sale of Services) * 100 . This ratio measures how quickly the cash is being collected from debtors

Creditors Days = (Trade Payables/Cost of Sales)*100 . This ratio estimates the average time taken by a business to settle its debts with trade suppliers

Website of CTR Manufacturing Industries Ltd : <http://www.ctr.in/>