

Rating Advisory

April 16, 2019 | Mumbai

Mobile Telecommunications Limited

Advisory as on April 16, 2019

This rating advisory is provided in relation to the rating of Mobile Telecommunications Limited

The key rating sensitivity factors for the rating include:

- Working capital management
- Management of revenue growth

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Mobile Telecommunications Limited (MTL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If MTL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About the company

Established in 1995 by Mr Anil Ved Mehta, MTL manufactures and trades in electronic hardware. It is listed on the Bombay Stock Exchange.

Please note: This advisory should not be construed as a rating reaffirmation.

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Rating Rationale

January 25, 2018 | Mumbai

Mobile Telecommunications Limited

Rating downgraded to 'CRISIL D', removed from 'Watch Negative'

Rating Action

Total Bank Loan Facilities Rated	Rs.14 Crore
Long Term Rating	CRISIL D (Downgraded from 'CRISIL B+/Watch Negative'; Removed from 'Rating Watch with Negative Implications')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

MTLCRISIL has downgraded its rating on the bank facility of Mobile Telecommunications Limited (MTL) to '**CRISIL D**' from 'CRISIL B+'; CRISIL has also removed the rating from 'Rating Watch with Negative Implications'. Overdraft facility has been continuous overdrawn for more than 30 days and delays in servicing of interest in overdraft facility. The overdrawals in the Overdraft facilities have been caused due to weakening of the company's liquidity arising from stretch in the working capital cycle.

Key Rating Drivers & Detailed Description

Weaknesses

* **Below-average financial risk profile:** Debt protection metrics are subdued, reflected in interest coverage and net cash accrual to total debt ratios of 1.38 times and 0.04 time, respectively, for fiscal 2017. The company has also incurred net losses in the last two fiscals.

* **Low operating margin:** Profitability is estimated at 0.9 percent in fiscal 2017 and has been in the 0.2-1.3 percent range in the last three fiscals due to trading nature of business. Modest margin constrains ability to generate cash flow.

Strength

* **Extensive experience of promoters:** Presence of around two decades in the electronic equipment business has enabled the promoter to establish strong relationship with customers.

About the Company

Established in 1995 by Mr Anil Ved Mehta, MTL manufactures and trades in electronic hardware. It is listed on the Bombay Stock Exchange.

In fiscal 2017, net loss was Rs 53 lakh on total sales of Rs 152.89 crore, against a net loss of Rs 134 lakh on total sales of Rs 125.17 crore in fiscal 2016.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	152.89	125.17
Profit After Tax (PAT)	Rs. Cr.	-0.53	-1.34
PAT Margins	%	-0.3	-1.1
Adjusted Debt/Adjusted Net worth	Times	0.59	0.41
Interest coverage	Times	1.38	1.44

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
NA	Overdraft	N.A.	N.A.	N.A.	14	CRISIL D

Annexure - Rating History for last 3 Years

Instrument	Current			2018 (History)		2017		2016		2015		Start of 2015
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	14	CRISIL D		No Rating Change	14-08-17	CRISIL B+/Watch Negative		--		--	--
						02-08-17	CRISIL B+/Stable					

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Overdraft	14	CRISIL D	Overdraft	14	CRISIL B+/Watch Negative
Total	14	--	Total	14	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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Last updated: April 2016

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