Malhotra Electronics Private Limited

September 22, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	139.45 (Enhanced from 100.96)	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	RBI	32.55 (Enhanced from 23.50)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

While arriving at ratings of Malhotra Electronics Private Limited (MEPL), CARE Ratings Limited (CareEdge Ratings) has taken a combined view of MEPL and Wybor Tech Private Limited (WTPL), as these entities (together referred to as 'group') have common promoters, common management, and operational linkages.

Reaffirmation of ratings assigned to bank facilities of MEPL draws comfort from experienced promoters and management team and diversified range of products. Ratings also factor in stable operational performance and average financial risk profile of the group marked by comfortable capital structure and moderate debt coverage indicators. However, ratings are constrained by working capital intensive operations, resulting in higher reliance on working capital borrowings and presence in highly competitive industry. Ratings further consider the profitability margins susceptible to raw material price fluctuations and foreign exchange fluctuation risk. CareEdge Ratings believes the group's ability to improve its inventory period, thus improving the capital cycle and lower dependence on external debt will be a key credit monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in total operating income (TOI) of above ₹600 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 10% on a sustained basis.
- Improvement in inventory period below 100 days leading to improved liquidity position on a sustained basis.
- Sustained improvement in the group's capital structure marked by total outside liabilities to tangible net worth (TOL/TNW) below 1x.

Negative factors

- Decrease in TOI below ₹300 crore with a PBILDT margin below 8% on a sustained basis.
- Deterioration in inventory period above 130 days, adversely impacting the group's liquidity.
- Deterioration in TOL/TNW above 2x on a sustained basis.

Analytical approach: Combined

CareEdge Ratings has changed its analytical approach from standalone to combined financials of entities listed under Annexure-5, factoring in operational and financial linkages between group entities since these entities are controlled by common promoters with cash flow fungibility.

Outlook: Stable

"Stable" outlook reflects CareEdge Ratings opinion that the entity shall benefit from the experience of its promoters and through its diversified range of product offerings.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Stable operational performance

The group has demonstrated growth in its operational performance, with TOI increasing at a compounded annual growth rate (CAGR) of ~21% in the last five years, reaching ₹472.66 crore in FY26 (FY refers to April 01 to March 31) compared to ₹317.49 crore in FY25, driven by growth in sale of air conditioners (ACs) and cooler contributing ~23% and 21%, respectively, of TOI in FY26. Operating profitability has remained stable, with PBILDT margin ranging between 7-9% in the last five years, which moderated slightly as marked by PBILDT margin of 7.42% in FY26 (PY: 8.74%), however; improved marginally in absolute terms at ₹34.59 crore in FY26 (PY: ₹28.50 crore). CareEdge Ratings anticipates the group will sustain its growth in operational performance in the medium term, while improving its profitability margins.

Comfortable capital structure

The group's capital structure stood comfortable, however; witnessed slight moderation as marked by an overall gearing of 1.03x as on March 31, 2026 (PY: 0.86x) and TOL/TNW of 1.71x as on March 31, 2026 (PY: 1.57x). The moderation was primarily owing to increase in term loan to fund the capex and increase in working capital limits to support growing scale of operations. The group is authorised under Production Linked Incentive (PLI) Scheme, and has capacity expansion plan of ₹50 crore, of which 83% is completed and the balance will be completed in FY27. However, the group's interest coverage ratio (ICR) stood improved marginally and stood at 3.11x as on March 31, 2026 (PY: 2.90x). CareEdge Ratings expects slight moderation in the group's financial risk profile driven by full disbursement of term loan in FY27 for the capex pertaining to expansion of production capacity for ACs. Moderation in financial risk profile will also be driven by expected increase in working capital borrowings to support its growing scale of operations.

Diversified range of products

The group sells a range of products including LED TV panels, ACs, washing machines, and air coolers. The major proportion of revenue comes from ACs. The group is focusing on growth in ACs and coolers and revenue mix increased in FY26, contributing ~23% and 20%, respectively.

Experienced management and long track record of operations

The promoter family has been in the consumer electronics industry since 1978, resulting in established relationships with customers. Though the product mix is diversified, LED TVs, Acs, and coolers are the major contributor to revenue. Backed by promoters' experience, the group has established its brand 'Wybor', from which it now generates ~45% revenue. The group has received continued support from the promoter group, as evidenced by the consistent increase in unsecured loans over the years, and stood at ₹42.31 crore as on March 31, 2026.

Key weaknesses

Working capital intensive operations

The group's operations are capital intensive as marked by elongated operating cycle of 187 days as on March 31, 2026 (PY: 217 days), and inventory days of 166 days as on March 31, 2026. The seasonal demand for ACs (January to June) and resultant need for raw materials led to the higher inventory position. However, in an industry with rapidly changing technology and high inventory holding requirements of ~4 months exposes the group to the risk of inventory write-offs. CareEdge Ratings believes that the group's ability to improve its inventory period and resultant improvement in overall working capital requirements and lower dependence on external debt will be a key credit monitorable.

Foreign currency fluctuation risk

The group procures ~60% raw material through import from China and Singapore. However, the group usually passes on increased prices to customers in subsequent quarters. The group has foreign currency fluctuation loss of ₹0.35 crore in FY26 (PY: forex gain of ₹1 crore).

Presence in highly competitive industry

MEPL faces intense competition from key players, such as Samsung, Panasonic, and LG, and are launching new products tailored to local preferences, driven by technological advancement, such as artificial intelligence (AI) integration in household products, which further supports the market expansion. Efforts on product differentiation and product penetration is necessary to compete in the industry.

Liquidity: Adequate

The group's liquidity position remained adequate with gross cash accruals (GCA) of ₹27.06 crore in FY26 and is expected to be in the range of ₹32-35 crore, against minimal debt repayment obligation of ₹2.37 crore in FY27. The group had free cash and bank balance of ₹10.66 crore as on March 31, 2026. Working capital limits are ~84% utilised for trailing 12 months ending June 2026, with highest utilisation of ~92% in May 2026. The group is authorised under PLI Scheme and has capacity expansion plan of ₹50 crore, of which ~83% is completed and the balance will be completed in FY27. The current and quick ratio stood at 1.48x and 0.61x, respectively, as on March 31, 2026.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Consolidation and Combined
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Household appliances

MEPL was incorporated in 1986 but started operations in 2005. It is promoted by Ravinder Singh Malhotra, and family Gaganpreet Singh Malhotra and Gurpreet Singh Malhotra. The company manufactures wide range of consumer electronics, such as LED TV, washing machines, air coolers and ACs, among others, at its facility in Greater Noida, Uttar Pradesh. The company sells its products under the brand name 'Wybor'.

Brief Financials (₹ crore) – Combined	March 31, 2025 (UA)	March 31, 2026 (UA)
Total operating income	317.49	472.66
PBILDT*	34.86	42.48
Profit after tax (PAT)	15.34	17.57
Overall gearing (x)	0.86	1.03
Interest coverage (x)	2.90	3.11

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Basis for combination: Numbers have been combined through row-by-row addition of all line items of all entities mentioned under analytical approach after excluding inter-group transactions and balances.

Brief Financials (₹ crore) – Standalone	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	326.02	466.29
PBILDT	28.50	34.59
Profit after tax (PAT)	11.88	14.61
Overall gearing (x)	0.68	0.89
Interest coverage (x)	3.09	3.21

A: Audited; UA: Unaudited; Note: These are latest available financial results.

Status of non-cooperation with previous CRA: CRISIL and ACUITE has continued ratings assigned to bank facilities of MEPL into 'Issuer not-cooperating' category vide press release dated February 24, 2026, and May 14, 2026, respectively, considering non-availability of requisite information.

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	111.20	CARE BBB-; Stable
Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term)	RBI	Simple	-	-	-	-	32.55	CARE A3
Term Loan-Long Term	RBI	Simple	-	-	-	01-12-2035	28.25	CARE BBB-; Stable

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 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Term Loan-Long Term	LT	28.25	CARE BBB-; Stable	-	1)CARE BBB-; Stable (05-Aug-25)	1)CARE BB+; Stable (04-Jul-24)	1)CARE BB+; Stable (27-Jul-23)
2	Fund-based - LT-Cash Credit	LT	111.20	CARE BBB-; Stable	-	1)CARE BBB-; Stable (05-Aug-25)	1)CARE BB+; Stable (04-Jul-24)	1)CARE BB+; Stable (27-Jul-23)
3	Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term)	ST	32.55	CARE A3	-	1)CARE A3 (05-Aug-25)	1)CARE A4+ (04-Jul-24)	1)CARE A4+ (27-Jul-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated (Combined)

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Malhotra Electronics Private Limited	Full	Operational and financial linkages
2	Wybor Tech Private Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CareEdge 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.

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