

January 07, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ELIN ELECTRONICS LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	87.89	CARE BBB+ (Triple B Plus)	Reaffirmed
Short-term Bank Facilities	9.50	CARE A2 (A Two)	Reaffirmed
Total	97.39 (Rupees Ninety Seven crore and Thirty Nine lakh only)		

Rating Rationale

The ratings assigned to Elin Electronics Ltd (EEL) continue to derive strength from the experience of the promoters, diversified product portfolio, established relationship with reputed customers, increasing scale of operations and favorable capital structure. However, the ratings continue to remain constrained by high customer concentration risk and highly fragmented industry with many unorganized players.

Going forward, the ability of the company to obtain continued orders from Original Equipment Manufacturers (OEMs), maintain profitability and working capital cycle along with timely completion of the expansion project within the envisaged cost would remain the key rating sensitivities.

Background

Incorporated in 1969 by Mr Mangi Lal Sethia, EEL is engaged in the manufacturing of Universal motors (UVs), electric light fittings, Light Emitting Diode (LED) flash lights, plastic injection moulded components, etc. The company has its manufacturing facilities located at Ghaziabad (UP), Baddi (HP) and Goa. The three main products of EEL are LED flash lights, UV motors and Electric light fittings with a total installed capacity of 200 lakh units, 35 lakh units and 90 lakh units, respectively as on March 31, 2015. EEL does contract manufacturing of electric light fittings for Philips India Ltd, LED flash lights for Eveready Industries Ltd and manufactures and sells universal motor under its own brand name.

In FY15 (refers to the period April 1 to March 31), the company reported total operating income of Rs.392.42 crore and PAT of Rs.11.76 crore as against a total operating income of Rs.375.03 crore and PAT of Rs.11.75 crore in FY14. The company has achieved sales of Rs.255.91 crore and a PBILDT of Rs. 19.88 crore in H1FY16 (unaudited).

Analyst Contact

Name: Mr Manek Narang

Tel: 011-45333233

Cell: + 91 9810596225

Email: manek.narang@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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