

EMCO Limited
 March 26, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term fund based bank limits	498.14	CARE D; ISSUER NOT COOPERATING [Single D; ISSUER NOT COOPERATING]	Issuer not cooperating; Based on best available information
Short-term fund based bank limits	1,212.46	CARE D; ISSUER NOT COOPERATING [Single D; ISSUER NOT COOPERATING]	Issuer not cooperating; Based on best available information
Total	1,710.60 (Rupees One thousand seven hundred ten crore and sixty lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale

CARE has been seeking information from EMCO Limited to monitor the rating(s) vide e-mail communications dated November 01, 2017, December 02, 2017, February 12, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, EMCO Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on EMCO Ltd's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account the ongoing delays in debt servicing of the company due to weakening of liquidity profile of the company.

Detailed description of the key rating drivers***Ongoing delays in debt servicing due to weaking of liquidity profile of the company***

EMCO reported income of operations of Rs. 855.35 crore in FY17 (refers to period April 01, to March 31,) as compared to Rs. 828.22 crore in FY16. The company continues to report negative cash accruals in FY17 on account of lower realisations. Further, the interest coverage ratio of the company continues to be below unity in FY17 on account of lower PBILD levels.

There are on-going delays in debt servicing due to weakened liquidity profile.

Analytical approach: Consolidated

Applicable Criteria

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

[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Financial ratios – Non-Financial Sector](#)
[CARE's methodology for Manufacturing Companies](#)

About the Company

Incorporated as a private limited company in 1964, EMCO Limited (EMCO) was converted into a public limited company in 1965. The current promoter, R.S. Jain Group, took over the company from B.S. Jain Group in 1991. EMCO operates through two main verticals: Products and Projects. The products division is engaged in the manufacturing of transformers and electronic energy meters. EMCO has six manufacturing facilities for transformer, transmission tower line and meters viz two in Thane, two in Jalagaon, and one each in Dadra and Vadodara.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	828.22	855.35
PBILDT	93.45	105.35
PAT	-25.06	-68.85
Overall gearing (times)	1.54	2.10
Interest coverage (times)	0.76	0.73

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: 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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****For detailed Rationale Report and subscription information, please contact us at**

www.careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew,

disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	350.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	1212.46	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	-	148.14	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (16-Apr-15)	-
2.	Fund-based - LT-Cash Credit	LT	350.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (06-Apr-17)	1)CARE B (19-Apr-16)	1)CARE B (13-Apr-15)	-
3.	Non-fund-based - ST-BG/LC	ST	1212.46	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating;	1)CARE D (06-Apr-17)	1)CARE A4 (19-Apr-16)	1)CARE A4 (13-Apr-15)	-

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		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
				Based on best available information				
4.	Fund-based - LT-Term Loan	LT	148.14	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (06-Apr-17)	1)CARE B (19-Apr-16)	1)CARE B (13-Apr-15)	-

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