

## EMCO Limited

November 12, 2020

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank facilities	-	-	Withdrawn
Short-term bank facilities	-	-	Withdrawn
<b>Total Facilities</b>	-		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has reviewed the rating assigned to the bank facilities of EMCO Limited to CARE D; Issuer Not Cooperating and has simultaneously withdrawn it, with immediate effect. The ratings also factor into account the ongoing delays in debt servicing by the company. The rating withdrawal is as per CARE's withdrawal policy on account of admission of the case by National Company Law Tribunal (NCLT) and appointment of Insolvency Professional.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### Stressed liquidity

Due to stressed liquidity position, there are devolvement in LCs and on-going delays in servicing of debt obligations by the company.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy on Withdrawal of ratings](#)

[CARE's default recognition policy](#)

#### 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 Jalgaon, and one each in Dadra and Vadodara.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History:** Please refer Annexure-2

#### Annexure-1: Details of 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Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Aug-19)	-	1)CARE D; ISSUER NOT COOPERATING* (26-Mar-18) 2)CARE D (06-Apr-17)
2.	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Aug-19)	-	1)CARE D; ISSUER NOT COOPERATING* (26-Mar-18) 2)CARE D (06-Apr-17)
3.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Aug-19)	-	1)CARE D; ISSUER NOT COOPERATING* (26-Mar-18) 2)CARE D (06-Apr-17)

**Annexure-3: Detailed explanation of covenants of the rated facilities - NA**
**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-BG/LC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact Us

**Media Contact:**

Name: Mradul Mishra

Tel: +91-22-6837-4424

Email: [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)**Analyst Contact:**

Name: Mr. Parijat Sinha

Tel: +91-22-6754-3446

Email: [parijat.sinha@careratings.com](mailto:parijat.sinha@careratings.com)**Relationship Contact:**

Name: Saikat Roy

Tel: +91-22-6754-404

Email: [saikat.roy@careratings.com](mailto:saikat.roy@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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.