

Press Release

Malhotra Electronics Private Limited

June 08, 2021

Rating Update



Total Bank Facilities Rated*	Rs.25.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE BB-) *Issuer not cooperating
Short Term Rating	ACUITE D (Downgraded from ACUITE A4+) *Issuer not cooperating

*Refer Annexure for details

Rating Rationale

Acuite has downgraded the long term rating to 'ACUITE D' (read as ACUITE D) from 'ACUITE BB-' (read as ACUITE double B minus) and the short term rating to 'ACUITE D' (read as ACUITE D) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs.25.00 crore bank facilities of Malhotra Electronics Private Limited (MEPL).

The downgrade is on the basis of publicly available information that the company has overdues in the cash credit account beyond 30 days and devolvement in the Letter of Credit (LC) between Apr'21 to June'21 due to cash flow mismatches. Also, Acuite's interactions with MEPL's banker confirmed that there are instances of devolvement of LC.

About the company

MEPL, incorporated in 1986, is a Noida based company promoted by Mr. Ravinder Singh Malhotra. The company is engaged in the manufacturing of electronic goods such as LED televisions apart from cabinets and CTV chassis and has an installed capacity of 650000 metric tons per annum. Recently, the company has started manufacturing of air conditioners also.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Analytical Approach

Acuite has considered standalone business and financial risk profiles of MEPL to arrive at the rating.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-61.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Liquidity Indicators - "No information provided by the issuer / available for Acuite to comment upon."

Rating Sensitivity - "No information provided by the issuer / available for Acuite to comment upon."

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount	Ratings/Outlook
			(Rs. Crore)	
04 May 2020	Cash credit	Long term	6.00	ACUITE BB- Issuer not co-operating*
	Letter of Credit	Short Term	19.00	ACUITE A4+ Issuer not co-operating*
08 March 2019	Cash credit	Long term	6.00	ACUITE BB- Issuer not co-operating*
	Letter of Credit	Short Term	19.00	ACUITE A4+ Issuer not co-operating*
30 January 2018	Cash credit	Long term	6.00	ACUITE BB- Issuer not co-operating*
	Letter of Credit	Short Term	19.00	ACUITE A4+ Issuer not co-operating*

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE D (Downgraded) *Issuer not cooperating
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	19.00	ACUITE D (Downgraded) *Issuer not cooperating

Contacts

Analytical	Rating Desk
Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in Sonal Modi Analyst - Rating Operations Tel: 033-66201215 sonal.modi@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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