

January 31, 2024

Merit Technologies India Limited: Rating downgraded to [ICRA]BB(Stable)/ [ICRA]A4; ratings continues to remain under Issuer Non-Cooperating Category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based	1.00	1.00	[ICRA]BB (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+(Stable) ISSUER NOT COOPERATING and continues to be in 'Issuer Not Cooperating' category
Short-term – Non-fund based	16.00	16.00	[ICRA]A4; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+ ISSUER NOT COOPERATING and rating continues to be in 'Issuer Not Cooperating' category
Total	17.00	17.00	

[^]Instrument details are provided in Annexure-I

*Issuer did not cooperate; based on best available information

Rationale

ICRA has kept the rating for the bank facilities of Merit Technologies India Limited in the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BB(Stable)/ [ICRA]A4; ISSUER NOT COOPERATING".

As a part of its process and in accordance with its rating agreement with Merit Technologies India Limited, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative including not sharing of NDS since March 2023. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating continues to be under "Issuer Not Cooperating" category.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Construction Policy in respect of non-cooperation by the rated entity
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Merit Technologies India Limited is involved in design, manufacture, supply, erection, and commissioning of bulk material handling equipment, which include pre-weigh truck loading systems and pre-weigh rail car loading systems, mainly used in coal, ports and iron and steel industries. It was initially established as a partnership firm in Chennai in 1995 by Mr. Manoharan, Mr. Titus Rajkumar, Mr. G. Ramadurai and Mr. M. N. Reddy. In 1999, it was incorporated as a public limited company and its shares are entirely held by the promoters.

Key financial indicators (Audited)

	FY2022	FY2023
Operating income (Rs. crore)	75.4	105.3
PAT (Rs. crore)	7.5	8.2
OPBDIT/OI (%)	11.4%	11.2%
PAT/OI (%)	9.9%	7.8%
Total outside liabilities/Tangible net worth (times)	1.2	1.1
Total debt/OPBDIT (times)	0.2	0.5
Interest coverage (times)	18.8	16.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2024)					Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount Outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Jan 31, 2024	June 06, 2023			
1	Fund-based facility	Long-term	1.00	-	[ICRA]BB(Stable); ISSUER NOT COOPERATING	[ICRA]BB+(Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable)
2	Non-fund based facility	Short-term	16.00	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A4+	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based facility	Simple
Non-fund based facility	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's

credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#).

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based facility	NA	NA	NA	1.00	[ICRA]BB(Stable); ISSUER NOT COOPERATING
NA	Non-fund based facility	NA	NA	NA	16.00	[ICRA]A4; ISSUER NOT COOPERATING

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Rajeshwar Burla

+91 40 6939 6443

rajeshwar.burla@icraindia.com

Ashish Modani

+91 22 6114 3414

ashish.modani@icraindia.com

Chintan Dilip Lakhani

+91 22 6169 3345

chintan.lakhani@icraindia.com

Rohit Pati

+91 80 4332 6426

rohit.pati@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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