

March 27, 2024

Elgi Electric and Industries Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund based- Cash credit	5.00	5.00	[ICRA]BBB (Stable); withdrawn
Long term-Unallocated facilities	8.06	8.06	[ICRA]BBB (Stable); withdrawn
Short term - Non-fund based facilities	5.00	5.00	[ICRA]A3+; withdrawn
Total	18.06	18.06	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Elgi Electric and Industries Limited at the request of the company and based on the no-objection certificate received from the bankers, and in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Withdrawals of Credit Ratings
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the EEIL. The company has 1 subsidiary and 1 associate, which are enlisted in Annexure-2.

About the company

Incorporated in 1963 and headquartered in Coimbatore, Elgi Electric and Industries Limited (EEIL / the company) primarily manufactures auxiliary textile machinery (~46% of revenues) and alternating current (AC)/direct current (DC) motors (~11% of revenues). EEIL also trades in AC motors belonging to the 'Hengsin' brand and cotton for group company Super Spinning Mills Limited (~29% of revenues). EEIL wound up its cotton trading business in August 2019. The company has a manufacturing facility in Pollachi, Tamil Nadu.

EEIL is a part of the reputed, Coimbatore-based Sara Elgi group, with interests in textiles, engineering, building products and construction, amongst others. The company has relatively small subsidiary, Sara Elgi Industries Limited and an associate, Sara Elgi Envirotech LLP, involved in allied/supplementary businesses for EEIL.

Key financial indicators (Audited)

EEIL Consolidated	FY2021	FY2022
Operating Income (Rs. crore)	22.6	54.8
PAT (Rs. crore)	2.5	6.6
OPBDIT/OI (%)	16.6%	16.5%
PAT (%)	11.1%	12.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.4	0.6
Total Debt/OPBDIT (times)	-	-
Interest Coverage (times)	42.4	74.3

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 of March 31, 2023 (Rs. crore)	Date & Rating	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2020
					March-27-2024			
1	Long term - Fund based- Cash credit	Long-Term	5.00	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)
2	Long term- Unallocated facilities	Long-Term	8.06	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)
3	Short term - Non-fund based facilities	Short-Term	5.00	-	[ICRA]A3+; withdrawn	[ICRA]A3+	[ICRA]A3	[ICRA]A3

Complexity level of the rated instrument

Instrument	Complexity Indicator
Cash Credit	Simple
Inland LC/ Bank Guarantee	Very Simple
Unallocated	Not Applicable

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-1: Instrument details

ISIN NO	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	5.00	[ICRA]BBB (Stable); withdrawn
NA	Bank Guarantee	NA	NA	NA	5.00	[ICRA]A3+; withdrawn
NA	Unallocated	NA	NA	NA	8.06	[ICRA]BBB (Stable); withdrawn

Source: EEIL

Annexure-2: List of entities considered for consolidated analysis

Company Name	EEIL Ownership	Consolidation Approach
Sara Elgi Industries Limited	100.0%	Full Consolidation
Sara Elgi Envirotech LLP	50.0%	Equity Method

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