

March 26, 2019

The National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor, C-1, Block G

Bandra - Kurla Complex, Bandra (E)

Mumbai - 400051

Phone: +91-22-26598235/8236

takeover@nse.co.in

Subject: Reason published by rating agency for downward rating

Dear Sir/Madam

Kindly refer to your e-mail dated 26th March 2019 on the subject cited above.

As desired by your goodself, we give below the Rating Rationale as published by the rating agency CRISIL on its website.

"CRISIL has downgraded its ratings on the bank facilities of Eon Electric Limited (EEL) to '**CRISIL B+/Stable/CRISIL A4**' from '**CRISIL BB+/Stable/CRISIL A4+**'.

The downgrade reflects weakening of business risk profile and liquidity over the last 6 months and continued expected weak business and financial risk profile over the medium term. Revenue declined to Rs 59 crore in the nine months of fiscal 2019 from Rs 121 crore in the corresponding period in the previous fiscal; operating margin was a negative 24.1% against 6.3%. Turnover fell because of constrained liquidity following pending payment of Rs 60 crore from Energy Efficiency Services Limited (EESL; rated 'CRISIL A1+') as of September 2018. Hence, receivables increased to 254 days as on March 31, 2018, from 183 days a year ago. Receivables were 525 days as of September 2018. Net cash accruals were negative on account of negative operating margins and debt/interest repayments have been supported by funding of unsecured loans from promoters. Company's cash accruals are expected to remain weak over the medium term.

The ratings reflect EEL's limited track record of profitable operations and muted debt protection metrics stemming from operating losses. These weaknesses are partially offset by promoters' extensive experience in the electrical equipment industry, established marketing network, and comfortable capital structure with no outstanding term debt."

Trust your goodself would find the above in order.

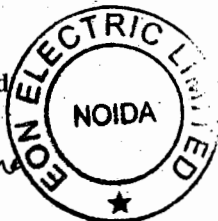
Thanking you

Yours faithfully

For Eon Electric Limited

Shiv Kumar Jha
Shiv Kumar Jha

(Company Secretary & Compliance Officer)



EON ELECTRIC LTD.

(Formerly Indo Asian Fusegear Limited)

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