Rating Rationale

Mittal Dyeing Pvt. Ltd.

11 Jan 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 1.00 Crores of Mittal Dyeing Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	**1.00**	**Long Term**	**BWR BB** (Pronounced as BWR Double B) (Outlook: Stable)
Total	**1.00**	**INR One Crores Only**	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of Mittal Dyeing Pvt. Ltd. up to FY18 and information and clarifications provided by the company.

The rating factors in promoter's experience in the textile industry, operational and financial strength derived from group concerns, locational advantage, healthy gearing level and comfortable debt protection metrics. However, the rating is constrained by small scale of operations, fragmented and competitive industry.

Going forward, the ability of the firm to enhance its scale of operations, improve profitability and manage its working capital efficiently shall be the key rating sensitivities.

Description of Key Rating Drivers

Proprietor's extensive experience and Group Strength:

The promoters have over three decades experience in the textile business and intermediate segment. this has helped establish strong relations with key customers. The company also derives strength from operational and financial support derived from its flagship firm 'Mittal International' which is engaged in the manufacturing and exports of Blankets, rugs etc. Nearly 20% job work is done for Mittal International and rest is made to other units located in nearby areas of Panipat.

Healthy financial risk profile:
Financial risk profile is supported by comfortable gearing of 0.09 times as on March 31, 2018. Debt protection metrics were moderate, supported by improved operating profitability.

Modest scale in fragmented industry:
The modest scale of operations is reflected in revenue of Rs 22 crore in FY18. Presence of numerous dyeing players in Panipat in Haryana leads to intense competition and will continue to constrain the business risk profile.

Analytical Approach
For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*
BWR believes the **Mittal Dyeing Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company
Mittal Dyeing Pvt Ltd is incorporated in 2011 located in Panipat. The company is engaged in the dyeing of bed sheets, different fabrics and yarns. The company's dyeing facility is located Panipat (Haryana). The company also trades yarn and fabrics which contribute to the company's topline.

Company Financial Performance
Net sales from operations was at ₹22.81 crores in FY18 against ₹22.54 crores in FY17. The net profit of the firm was at ₹2.25 crores in FY18 as against ₹1.87 crores in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
	Fund Based	Long Term	1.00	**BWR BB**	-	-	-
	Total		**1.00**	**₹One Crores Only**			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments
Any other information

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	22.54	22.81
EBITDA	₹ Cr	4.04	4.36
PAT	₹ Cr	1.87	2.25
Tangible Net worth	₹ Cr	18.04	20.30
Total Debt/Tangible Net worth	Times	0.12	0.09
Current Ratio	Times	1.10	1.33

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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