



SMERA RATINGS LIMITED

Mittal International

Rating
RationaleMay 04, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	4.57	SMERA BB+ /Stable (Assigned)
Packing Credit	17.00	SMERA A4+ (Assigned)
Foreign Document Bill Purchased	5.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+ (read as SMERA double B plus)**' to the Rs.4.57 crore long term bank facility and **SMERA A4+ (read as SMERA A four plus)** to the 22.00 crore short term bank facilities of Mittal International. The outlook is '**Stable**'. The ratings draw support from the experienced management and long standing track record of operations. The ratings are also supported by the healthy financial risk profile marked by comfortable gearing (debt equity ratio) and interest coverage ratio. SMERA also factors in the subsidy received by the firm under interest equalisation scheme. However, the ratings are constrained by the exposure of the profit margins to fluctuating foreign exchange. Further, the ratings also factor in the competitive and fragmented nature of the textile industry.

Rating Sensitivity Factors

- Scaling up operations while maintaining margins and gearing.

Outlook-Stable

SMERA believes Mittal International will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the firm registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected growth in revenues and profitability or deterioration in its financial risk profile.

About The Firm

Mittal International, incorporated in 1989, by Mr. Sudhir Mittal is a Panipat based firm, Mittal International is a manufacturer and exporter of bedspreads, curtains, cushion covers among other household upholstery. The company exports to the countries like Australia, Europe and United States of America.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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For FY2014-15, the firm reported profit after tax (PAT) of Rs.3.83 crore on operating income of Rs.112.67 crore, as compared with PAT of Rs.2.81 crore on operating income of Rs.83.04 crore in FY2013-14. The net worth stood at Rs.10.63 crore as on March 31, 2015, as compared with Rs.8.60 crore a year earlier. The firm registered revenue of Rs.137.00 crore (provisional) from April 2015 to March 2016 and the net worth stood at Rs.15.78 crore (provisional) as on March 31, 2016.

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