



**Press Release**  
**Mittal Coin Private Limited**  
**April 01, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.68	ACUITE BBB+   Stable   Downgraded   Negative to Stable	-
Bank Loan Ratings	90.00	-	ACUITE A2   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	98.68	-	-

**Rating Rationale**

Acuite has downgraded the long-term rating from '**ACUITE A-**' (read as **ACUITE A minus**) to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short-term rating from '**ACUITE A2+**' (read as **ACUITE A two plus**) to '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.98.68 Cr. bank facilities of Mittal Coin Private Limited (MCPL). The outlook is revised from '**Negative**' to '**Stable**'.

**Rationale for downgrade**

The downgrade is a result of dip in profitability position, deterioration in its Debt-EBITDA ratio and lower return on capital employed. Further change in customer mix as well geographical mix leading to higher exports and lower supply to domestic customers (mainly Indian government) leading to stretch in working capital cycle is also factored in. The group has been mainly minting for non-domestic government offlate rather than Indian government until FY20. The GCA days elongated from 160 days as on March 31, 2022 to 174 days as on March 31, 2023 marking moderately intensive working capital management. The debt-to-EBITDA deteriorated to 9.03 times in FY23 from 6.62 times in FY22 and lower ROCE of 6.05 % in FY23 as against 9.24 % in FY22. The rating is supported by the group's established presence and promoters experience and healthy order book position.

**About Company**

Mittal Coin Private Limited was incorporated in the year 2013. Mr. Ankit Mittal and Mr. Dinesh Chand Mittal are director of company. Initially, the company was engaged as Job work for Mittal Appliance Limited. However, the company manufactures Copper and Copper alloy products including Cupro-Nickel Coin, blanks, ingots, coils, etc. The company started its commercial operation in the year 2016. The manufacturing unit is in Pithampur, Madhya Pradesh.

**About the Group**

Mittal Group is an Indore-Madhya Pradesh based group incorporated in the year 1907. The group is into the business of manufacturing coin blanks, coins coinage material, medals, tokens and copper rolled and alloy products. The group stands to be the first company to export minted currency coins in association with the Indian Government Mints. The product line of the group includes Rs.5.00 Nickel brass Coin Blanks, Rs.10.00 and Rs.20.00 Bi-Metallic Composite Coin Blanks, Copper Billets, Copper Sheets, Copper Foils, Brass Foils, Medals, Token, badges, etc. The group has 13 companies. Out of which four are operationally active. The group companies are engaged in trading of steel scraps.

**Unsupported Rating**  
Not Applicable

## Analytical Approach

### Extent of Consolidation

- Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of Mittal Appliances Limited and Mittal Coin Private Limited, together referred to as 'Mittal Group (MG)'. The consolidation is in view of the common promoters, significant operational and financial synergies within the group.

### Key Rating Drivers

#### Strengths

##### **Established track record of operations and experienced management**

Mittal group was incorporated in the year 1907. The group has an established track record of operation of more than 10 decades in the Indian Market. The group is promoted by Mittal family led by Mr. Dinesh Chand Mittal. The promoters have an experience of more than four decades in the Copper and Copper Alloy Product Industry. The extensive experience of the promoters and established track record of operation has helped the group to maintain healthy relationship with its customers and suppliers. Revenue of the group has increased in FY23 to Rs. 906.74 Cr. from Rs. 854.67 Cr. in FY22. This is due to healthy orders from various country's mint which is the major customer of the group. The Government releases tenders as per the requirement of coins. As this industry has limited players, probability of tender allotment is very high. Apart from these orders, the group received major portion of revenue through exports to china.

##### **Reputed Clientele**

The products of the group are extensively used for the coinage purpose. The group supplies the coin blanks majorly to the Indian and other Government Mint (export) for minting of currency coins. Besides this, the group also supplies the medals, copper billets and strips to other private entities. The other reputed clientele of the group includes name like the Indian Ordnance Factory, Royal Canadian Mint, Banco Central De Reserva Del Peru, Thai Treasury, Tata Steel and Bank of Baroda to name a few. The group has also successfully executed orders and supplied coin blanks to the government mints of countries like Argentina, Canada, France, Poland etc. Acuite believes that the group will benefit from the established client presence and presence of healthy order book position.

#### Weaknesses

##### **Decline in profitability position**

The profitability saw a dip as evident from EBITDA & PAT margin of the company which stood at 2.98% & 0.82% respectively in FY23 vis-à-vis 3.96% & 2.29% in FY22. The dip in revenue is majorly attributable to the change in business mix wherein the company has seen increased trading sales and decreased manufacturing sales as compared to the previous year further the RM cost has also affected the profitability. Improvement in profitability position of the company will remain a key rating sensitivity.

##### **Moderation in Financial Risk Profile**

The financial risk profile is moderate marked by moderate net worth, moderate gearing and moderate debt protection metrics. The net worth stood at Rs.166.18 Cr. as on March 31, 2023 as against Rs. 160.46 Cr. as on March 31, 2022. The group has followed moderate leverage policy. Gearing stood at 1.82 times as on March 31, 2023 as against 1.63 times as on March 31, 2022. The DEBT to EBITDA of the company increased and remained high at 9.03 times as on March 31, 2023 as against to 6.62 times as on March 31, 2022. The interest coverage ratio has declined to 1.97 times in FY23 as compared to 4.12 times in FY22. Further, NCA/TD has declined to 0.05 times in FY23 from 0.09 times in FY22. DSCR also declined and stood at 1.68 times in FY23 as compared to 2.21 times in FY22. Acuite believes that financial risk profile of the group will improve in the medium term on account of no planned CAPEX over medium term and improvement in net worth due to accretion of profit to reserve.

### **Moderately intensive working capital cycle**

The working capital operation is moderately intensive in nature marked by GCA days of 174 in FY23 as against 160 days. The inventory-holding period rose to 66 days as on March 31, 2023 from 58 days as on March 31, 2022. The debtor collection period also increased and stood at 76 days as on March 31, 2023 as against 52 days as on March 31, 2022. The group largely depends upon the working capital facilities for the operations. However, the utilization of working capital facilities stood at an average of ~60 percent in the past 9 months ending December 2023

### **Rating Sensitivities**

- Significant increase in revenue while improving the profitability position
- Significant improvement in financial risk profile
- Significant improvement in the working capital management
- Any further deterioration in the liquidity profile of the company
- Any negative impact on the financial risk profile

### **Liquidity Position**

#### **Adequate**

The liquidity of the group is adequate. The current ratio stood at 1.26 times in FY2023. The group generated cash accruals of Rs. 13.83 Cr. in FY23 as against repayment obligation of Rs. 1.34 Cr. for the same period. The group has sufficient cushion to meet its long term obligation. The groups cash and bank balance stood at Rs. 0.97 Cr. as on March 31, 2023. The group's liquidity is supported by moderate bank limit utilization of 60% giving a cushion of 40% unutilized funds for the growth capital.

### **Outlook: Stable**

Acuité believes that the group will maintain a stable outlook over the medium term backed by its experienced management, established track record of operation in the aforementioned industry and moderate financial risk profile. The outlook may be revised to 'Positive', if the group registers higher than expected growth in its revenue while improving its operating margins from its current levels along with efficient working capital management. Conversely, the outlook may be revised to 'Negative', if the group registers lower than expected growth in revenues and profitability or in case of deterioration in the company's financial risk profile or significant elongation in the working cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	906.74	854.67
PAT	Rs. Cr.	7.47	19.59
PAT Margin	(%)	0.82	2.29
Total Debt/Tangible Net Worth	Times	1.82	1.63
PBDIT/Interest	Times	1.97	4.12

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Jan 2023	Letter of Credit	Short Term	70.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.48	ACUITE A-   Negative (Reaffirmed)
	Term Loan	Long Term	6.20	ACUITE A-   Negative (Reaffirmed)
04 Mar 2022	Letter of Credit	Short Term	50.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.48	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	6.20	ACUITE A-   Stable (Reaffirmed)
04 Feb 2021	Letter of Credit	Short Term	50.00	ACUITE A2+ (Assigned)
	Term Loan	Long Term	8.68	ACUITE A-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	90.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.68	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

- Mittal Appliances Limited
- Mittal Coin Private Limited

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Sushant Kumar Mishra Senior Manager-Rating Operations Tel: 022-49294065 <a href="mailto:sushant.mishra@acuite.in">sushant.mishra@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.