



**Press Release**  
**Mittal Appliances Limited**  
**April 01, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	118.50	ACUITE BBB+   Stable   Downgraded   Negative to Stable	-
Bank Loan Ratings	367.00	-	ACUITE A2   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	485.50	-	-

**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.485.50 Cr. bank facilities of Mittal Appliances Limited (MAL). 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 lately 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 9.12 % in FY22. The rating is supported by the group's established presence and promoters experience and healthy order book position.

**About Company**

Mittal Appliances Limited is the flagship company of Mittal Group. The company was incorporated in the year 1985 as a Private Limited Company. Later, in the year 1995, the company was reconstituted as a Public Limited Company. The company is currently promoted by Mr. Dinesh Chand Mittal and Mr. Anshul Mittal. The company is engaged in manufacturing of Copper Alloy Coin Blanks, Coils, Strips made up of Copper, Nickel and Zinc which are being supplied to Government Mints for coinage purposes. The company also manufactures the Copper Alloy Strips on job work basis for Government Ordnance Factory. The manufacturing unit of the company is located at Pithampur Industrial Area, Indore, Madhya Pradesh. The company has an installed capacity of 2400MTPA for manufacturing of billets and 9570 MTPA for manufacturing Copper and Nickel Strips. The company also has a wind energy generator of 1.25MW at Dewas, Madhya Pradesh for generating power captive consumption.

**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**

Acuite 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	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	18.75	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	17.50	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A-   Negative (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE A-   Negative (Assigned)
	Cash Credit	Long Term	3.00	ACUITE A-   Negative (Assigned)
	Cash Credit	Long Term	2.50	ACUITE A-   Negative (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE A-   Negative (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A-   Negative (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE A-   Negative (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A-   Negative (Assigned)
	Letter of Credit	Short Term	20.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	19.50	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	17.50	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	90.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	33.75	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	2.50	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	29.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	50.00	ACUITE A2+ (Assigned)
	Packing Credit	Long Term	30.00	ACUITE A-   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE A-   Negative (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	18.75	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	17.50	ACUITE A2+ (Reaffirmed)
		Short		

04 Mar 2022	Bank Guarantee (BLR)	Term	50.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	2.50	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	11.50	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	20.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	120.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	45.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	33.75	ACUITE A2+ (Reaffirmed)
	PC/PCFC	Long Term	40.00	ACUITE A-   Stable (Reaffirmed)
04 Feb 2021	Bank Guarantee (BLR)	Short Term	18.75	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	17.50	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A2+ (Assigned)
	Cash Credit	Long Term	11.50	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	2.50	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	45.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	33.75	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	120.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	20.50	ACUITE A2+ (Assigned)
	PC/PCFC	Long Term	40.00	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
UCO Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.75	ACUITE A2   Downgraded ( from ACUITE A2+ )
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.50	ACUITE A2   Downgraded ( from ACUITE A2+ )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
								ACUITE BBB+   Stable



UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	Downgraded   Negative to Stable ( from ACUITE A- )
UCO Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	29.50	ACUITE A2   Downgraded ( from ACUITE A2+ )
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	51.25	ACUITE A2   Downgraded ( from ACUITE A2+ )
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+ )
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A2   Downgraded ( from ACUITE A2+ )
ICICI Bank Ltd	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE BBB+   Stable   Downgraded   Negative to Stable ( from ACUITE A- )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	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

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### 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.

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