

Mohini Health & Hygiene Limited

October 03, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)
Total Bank Facilities	20.00 (₹ Twenty Crore Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated March 27, 2018, placed the ratings of Mohini Health & Hygiene Limited (MHHL) under the 'Issuer non-cooperating' category as MHHL had failed to provide information for monitoring of the ratings as agreed to in its Rating Agreement. CARE Ratings had further reviewed the ratings on the above bank facilities of MHHL under the 'issuer non-cooperating' category vide its press release dated May 09, 2019, June 26, 2020 and July 07, 2021. MHHL continues to be non-cooperative despite repeated requests for submission of information through e-mail dated May 23, 2022, June 02, 2022 and June 12, 2022. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating of the bank facilities on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. **Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The rating assigned to the bank facility of MHHL has been revised on account of continued non-cooperation by MHHL in submission of requisite information to carry out review of rating.

Detailed description of the key rating drivers

At the time of last rating on July 07, 2021, the following were the rating strengths and weaknesses (updated based on best available information i.e. financial results for year ended March 31, 2022 published on stock exchange):

Key Rating Weaknesses

Limited track record of operations in surgical and absorbent cotton segment: MHHL was initially engaged in cotton ginning at Gujarat and Madhya Pradesh. It had incurred sizeable capital expenditure of around Rs.46 crore during FY14 and FY15 to establish manufacturing facility of surgical, bleach and absorbent cotton. MHHL has further expanded the capacity of absorbent cotton from 4,500 metric tonne per annum (MTPA) to 6,750 MTPA during FY17. Hence, MHHL's ability to generate the envisaged returns from added capacity shall be crucial from the credit perspective. There was breakout of fire at MHHL's plant and registered office at Pithampur (Madhya Pradesh) on 24 May 2021. CARE does not have any information with respect to loss, if any and the implication of such fire on the operation of the company.

Modest scale of operations and volatile profitability margins: MHHL's total operating income (TOI) remained stable at Rs.133 crore during FY22 as compared to Rs.125 crore during FY21. Further, the PBILDT margin of the company also remained largely stable at 11% during FY22 as against 12.40% during FY21. The profitability margins are further susceptible to volatility in cotton prices apart from its presence in the highly fragmented and intensely competitive industry

Key Rating Strength

Location advantage: MHHL has commenced production of surgical, bleached and absorbent cotton which has end use in pharmaceuticals and consumer segment and hence fetches relatively higher sales realization. MHHL's presence in cotton producing region has geographical advantage in terms of lower logistics expenditure (both on the transportation and storage) & ready availability of raw materials.

Low leverage and adequate debt coverage indicators: MHHL have comfortable capital structure marked by overall gearing of 0.53x as on March 31, 2022 (P.Y. 0.56x). Further, the debt coverage indicators also continued to remain adequate marked by interest coverage of 4.18x (P.Y.:3.90x) and TD/GCA of 3.81x in FY22 (P.Y.:3.70x).

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical Approach: Standalone

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Policy in respect of Non-cooperation by issuer](#)

[Policy on Withdrawal of Ratings](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated in June, 2009, MHL was promoted by Mr. Sarvyapriya Bansal, Mr. Snehakar Bansal and Mr. Avnish Bansal. During 2015, it was converted into public limited company as Mohni Fibers Limited. Further, in the month of May 2017, the name of the company was changed to present one. MHL is engaged in cotton processing and manufacturing of surgical, bleached and absorbent cotton. The company has total installed capacity of 9,000 MTPA for cotton processing at Gondal, Gujarat and Pithampur, Madhya Pradesh and 6,750 MTPA for surgical, bleached and absorbent cotton segment at Pithampur. Furthermore, facilities of MFL have been certified by Global Organic Textile Standard (GOTS), Good manufacturing process (GMP) and other regulatory bodies of Europe and USA which enable it to export bleached and surgical cotton.

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	Q1FY23 (UA)
Total operating income	135.15	133.14	NA
PBILDT	16.75	14.66	NA
PAT	5.12	5.46	NA
Overall gearing (times)	0.56	0.53	NA
PBILDT Interest coverage (times)	3.90	4.18	NA

A: Audited; UA: Un-audited; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	April 2025	20.00	CARE B+; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	20.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jun-20)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (09-May-19)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST*	-	-	-	-	-	1)Withdrawn (09-May-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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