

## Mohite Industries Limited

### May 11, 2022

#### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	22.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	1.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	2.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>25.00 (Rs. Twenty-Five Crore Only)</b>		

Details of instruments/facilities in Annexure-1

#### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 3, 2019, placed the rating Mohite Industries Limited (MIL) under the 'issuer non-cooperating' category as MIL had failed to provide information for monitoring of the rating. MIL continues to be noncooperative despite repeated requests for submission of information through e-mail dated January 11, 2022, January 21, 2022, January 31, 2022, May 04, 2022 and numerous phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

#### Detailed description of the key rating drivers

At the time of last rating on December 03, 2019 the following were the rating strengths and weaknesses (updated for the information available from the stock exchange):

#### Key Rating Weaknesses

**Moderate scale of operations:** The total operating income (TOI) of the company declined by 31.49% to Rs. 67.93 crore in FY21 as against Rs.99.15 crore for FY20. The decline in TOI was mainly due to covid led disruptions. Further, during 9MFY22, the company has booked TOI at Rs.100.57 crore.

**Moderate profit margins:** The profitability margins of the company marked by PBILDT margin improved by 479 Bps to 20.70% in FY21 as against 15.91% for FY20. However, PAT margin of the company declined to 1.43% as against 1.57% in FY20. Moreover, the company has registered PBILDT and PAT margin of 11.59% and 1.85% respectively for 9MFY22 (referring for a period from April 1, 2021 to December 31, 2021).

**Moderate debt coverage indicators:** The debt coverage indicators of the company marked by total debt to GCA deteriorated and stood moderate at 12.88 times as at the end of FY21 as against 11.03 times as at the end of FY20. The deterioration was mainly on account of decline in cash accruals. However, interest coverage ratio stood at 1.74x in FY21 (as against 1.88x for FY20). Further, the interest coverage of the company improved marginally and stood at 1.86x for 9MFY22.

**Susceptibility of profit margins due to volatile material prices:** The raw material is the major cost driver and the prices of the same are volatile in nature therefore cost base remains exposed to any adverse price fluctuations in the prices of the raw cotton being major cost component amongst all raw materials is volatile in nature. Accordingly, the profitability margins of the company are susceptible to fluctuation in raw material prices. With limited ability to pass on the increase in raw material costs in a competitive operating spectrum, any substantial increase in raw material costs would affect the company's profitability.

**Presence in competitive and fragmented industry:** Company operates in a highly competitive and fragmented textile industry. The company witnesses intense competition from both the other organized and unorganized players domestically. This fragmented and highly competitive industry results into price competition thereby posing a threat to the profit margins of the companies operating in the industry.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Key Rating Strengths

**Long track record coupled with experienced promoters in the business:** MIL possesses an established track record of more two decades in the business and is promoted by Chairman and managing director Mr. Shivaji Mohite and Joint Managing Director Ms. Monika Mohite who have rich experience for more than two decades in the industry. All the promoters are assisted by experienced management team in the field of accounts, sales and production to carry out day -to-day operations.

**Comfortable capital structure:** Capital structure of the company marked by overall gearing ratio improved and remained comfortable at 0.83x as on March 31, 2021 as against 0.87x as on March 31, 2020.

**Analytical approach:** Standalone

### Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Power Generation Projects](#)

### About the Company

Mohite Industries Limited (MIL), incorporated in 1990, is promoted by Mr. Shivaji Mohite and Mrs. Monika Mohite. MIL is engaged in the manufacturing cotton yarn (constitutes 85% of total sales) and generation of hydropower. Company has cotton spinning unit in Kolhapur with an installed capacity of 36000 spindles per annum. It procures raw cotton from the brokers of raw cotton situated in Maharashtra and Madhya Pradesh and premium cotton yarn is supplied to brokers situated in Mumbai and Ichalkaranji, Maharashtra. MIL has captive 10 megawatt hydropower plant at the foot of Radhanagari Dam and the generated power is used for textile unit.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	99.15	67.93	100.57
PBILDT	15.78	14.06	11.66
PAT	1.56	0.97	1.86
Overall gearing (times)	0.87	0.83	NA
Interest coverage (times)	1.88	1.74	1.86

A: Audited, UA: Unaudited, NA: Not available

### Status of non-cooperation with previous CRA:

CRISIL vide its press release dated July 2021, has reaffirmed the rating under the issuer not co-operating category on account of non-receipt of requisite information for review of the rating.

Brickwork vide its press release dated September 29, 2020, has placed the rating under the issuer not co-operating category on account of non-receipt of requisite information for review of the rating.

**Any other information:** Not applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** 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 (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	22.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	1.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	22.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (25-Feb-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (03-Dec-19) 2)CARE BB; Stable (16-Apr-19)
2	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Feb-21)	1)CARE A4; ISSUER NOT COOPERATING* (03-Dec-19) 2)CARE A4 (16-Apr-19)
3	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST*	1.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (25-Feb-21)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (03-Dec-19) 2)CARE BB; Stable / CARE A4 (16-Apr-19)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / 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-Cash Credit	Simple
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
3	Non-fund-based - ST-Bank Guarantee	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 instrument:** CARE Ratings Ltd. 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](mailto:care@careedge.in) for any clarifications.

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### About CARE Ratings Limited:

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