

## Milton Industries Limited

July 11, 2022

### Ratings

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3.28	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	10.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B Minus ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	8.75	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>22.03</b> <b>(₹ Twenty-Two Crore and Three Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated February 28, 2018 placed the rating(s) of Milton Industries Ltd. (MIL) under the 'issuer non-cooperating' category as MIL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. MIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated June 22, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Rating Ltd.'s 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.**

### Detailed description of the key rating drivers

At the time of last rating on July 08, 2021, the following were the rating strengths and weaknesses (updated for results published on the National Stock Exchange).

#### Key Rating Weaknesses

##### Moderate scale of operations with moderate profitability

MIL's total operating income (TOI) increased by ~40%, and continued to remain moderate at Rs.59.66 crore in FY22. However, PBILDT margin declined by 532 bps from 15.86% in FY21 to 10.54% in FY22.

##### Susceptibility of operating margins to raw material price and foreign exchange rate fluctuations

The major raw materials used by MIL for polymer and artificial leather are resins and Poly Vinyl Chloride (PVC; pest grade), which are derivatives of crude oil and keep fluctuating in nature as per global markets. MIL is exposed to fluctuations in raw material prices along with foreign exchange rate fluctuations and any adverse movement in raw material prices would have a direct bearing on the profitability.

#### Key Rating Strengths

##### Experienced promoters with long and well-established track record of operations

MIL was founded by Mr Vijaipal Jain and Late Mr Mahipalsingh Jain in 1985. Mr Vijipal Jain, Mr Abhay Jain and Mr Vikas Jain look after the overall management of MIL and have an average experience of around more than two decades in the industry.

##### Diversified product portfolio

MIL is engaged in three business segments namely artificial leather, laminates, and glass fiber reinforced epoxy resin sheets. Thus, it mitigates industry specific risk to a certain extent.

<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

### Moderate capital structure and debt coverage indicators

The capital structure of MIL remained comfortable with overall gearing of 0.22 times as on March 31, 2022 (0.34 times as on March 31, 2021). Debt coverage indicators also remained moderate with PBILDT interest coverage of 4.91x (3.83x in FY21) and total debt/ GCA of 01.89x (3.28x in FY21) in FY22.

**Analytical approach:** Standalone

### Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)  
[Financial Ratios – Non financial Sector](#)  
[Manufacturing Companies](#)  
[Policy on default recognition](#)  
[Rating Outlook and Credit Watch](#)  
[Short Term Instruments](#)

### About the Company

Ahmedabad-based (Gujarat) MIL is a closely held public limited company engaged in manufacturing of laminates, artificial leather & polymer since 1985. Further, in August 2015, MIL commenced production of glass fibre reinforced epoxy resin sheet at its Sabarkantha plant. It has manufacturing facilities located at Mehsana & Sabarkantha district of Gujarat. Laminates are primarily used in real estate and artificial leather and polymers in Indian railways and roadways. It has a total installed capacity of 3600 Metric Ton Per Annum (MTPA) of laminates and 2400 km per annum of artificial leather & PVC and 4400 MTPA of Glass Fibre Reinforced Epoxy Resin Sheet.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	FY22 (Ab)
Total operating income	68.45	42.71	59.66
PBILDT	8.37	6.78	6.29
PAT	3.48	2.65	3.25
Overall gearing (times)	0.47	0.34	0.22
Interest coverage (times)	4.06	3.83	4.91

A: Audited, Ab: Abridged financials

**Status of non-cooperation with previous CRA:** ACUITE has put ratings assigned to the bank facilities of MIL in to 'Non Cooperation' category vide press release dated November 02, 2021 on account of non-cooperation by MIL with ACUITE's efforts to undertake a review of the ratings outstanding.

**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:** Please refer 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/ ST-CC/Packing Credit		-	-	-	10.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	7.00	CARE A4; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	0.50	CARE BB-; Stable; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	-	2.78	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	1.75	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not co-operate; Based on best available information

**Annexure-2: Rating History of 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/ST-CC/Packing Credit	LT/ST**	10.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (23-May-19)
2	Non-fund-based - ST-BG/LC	ST	7.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE A4; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (23-May-19)
3	Fund-based - LT-Cash Credit	LT	0.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (23-May-19)
4	Term Loan-Long Term	LT	2.78	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (23-May-19)
5	Non-fund-based - ST-Letter of credit	ST	1.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Jul-21)	1)CARE A4; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (23-May-19)

\*Issuer did not co-operate; Based on best available information

\*\* 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	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-Letter of credit	Simple
5	Term Loan-Long Term	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 us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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