Mithabhi Lamps Private Limited

February 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	20.06 (Reduced from 21.47)	CARE BB; Positive	Reaffirmed; Outlook revised from Stable
Long Term / Short Term Bank Facilities	2.55 (Enhanced from 1.14)	CARE BB; Positive / CARE A4	Reaffirmed; Outlook revised from Stable
Short Term Bank Facilities	1.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Mithabhi Lamps Private Limited (MLPL) are constrained by the average financial risk profile of the company marked by moderate capital structure and debt protection metrics. The ratings are further constrained by elongated operating cycle, raw material price volatility risk and presence in a highly competitive auto component industry. The ratings also factor in the modest scale of operations of the company albeit improving profitability margins. Further, the ratings also factor in experienced directors with established track record of operations, diversified & reputed customer & supplier base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations as marked by growth in total operating income (TOI) by 20% with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 8% on a sustained basis.
- Improvement in debt coverage indicators as marked by interest coverage ratio of above 2.00x.

Negative factors

- Decline in TOI by 15% with PBILDT Margin less than 5% on sustained basis.
- Deterioration in the debt protection metrics as marked by interest coverage ratio below 1.00x.

Analytical approach: Standalone

Outlook: Positive

CARE Rating Limited (CARE) has a Positive outlook on account of expected improvement in profitability margin with growth in scale of operations. The outlook may be revised to stable if the scale of operations or profitability is not sustained.

Detailed description of key rating drivers:

Key strengths

Improvement in profitability margins and modest scale of operations

MLPL's TOI grew by 8% to Rs.69.84 crore in FY24 (refers to the period from April 01,2023 to March 31,2024) over FY23 on account of higher order intake from existing as well as new clients and improvement in sales realisation. The company also reported TOI of Rs.56.09 crore in 9MFY25 (refers to the period April 01,2024 to December 31,2024). The profitability margins of the company improved as marked by PBILDT and PAT margin of 7.61% and 0.53% in FY24 respectively as against PBILDT margin of 4.48% and net loss in FY23 on account of moderation in raw material prices and lower employee costs along with improvement in sales realization with the company's focus on value-added products fetching better margins. Profit after Tax (PAT) margin stood modest on account of moderate interest and depreciation costs.

Diversified & reputed customer & supplier base

MLPL has a diversified and large customer & supplier base. Due to its established track record, the company has a large and established base of suppliers and customers, with whom it has been dealing for past many years. The company gets repeated orders from its buyers (both existing as well as new customers added).

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

Experienced and resourceful promoters along with established track record of operations
MLPL was incorporated as a Private Limited company in 1998 and is currently being managed by Sumit Mohan Sinha, Vidyut Sinha, Sheela Sinha and Mithilesh Kumar Sinha. The company has an established track record of more than two decades in this business. Also, promoters have been involved in the same business activity since 1984 and has a very long industry experience. The promoters have an adequate acumen about various aspects of business which is likely to benefit MLPL in the long run. Furthermore, the directors are supported by experienced team having varied experience in the field of technical, marketing and finance aspects of business

Key weaknesses

Moderate capital structure and debt coverage indicators
The entity's capital structure stood moderate with overall gearing of 1.01x as on March 31, 2024 (1.19x as on March 31, 2023). As on March 31, 2024, the capital structure of the company comprised of term loan of Rs.3.36 crore and working capital borrowings of Rs.16.80 crore as against moderate net-worth base of Rs.22.91 crores. Debt coverage indicators stood moderate, as marked by moderate interest coverage of 1.92x in FY24 (1.12x in FY23) and total debt to Gross cash accruals (TD/GCA) of 10.04x in FY24(39.82x in FY23). Improvement during the year was on account of improvement in profitability and gross cash accrual and marginal decrease in debt levels.

Elongated operating cycle
The operations of the MLPL are working capital intensive in nature as reflected by elongated operating cycle of 141 days in FY24 as compared to 145 days in FY23. The elongated operating cycle is on account of high average collection period and average inventory period. MLPL is required to maintain adequate inventory mainly in the form of raw material to ensure smooth execution process as well as maintain stock of finished products to meet the demand of customers which resulted in average inventory period of 120 days for FY24. The company offers a credit period of around three-four months to its customers resulting in collection period of 70 days for FY24 (86 days for FY23). However, it receives average credit period of around two months from its suppliers.

Presence in a highly competitive auto component industry
MLPL operates in a highly competitive industry wherein there is presence of a large number of players in the unorganized and organized sectors. Furthermore, the auto component industry is largely unorganized in structure, consisting of around 45-50% of the overall industry size. The unorganized segment mainly caters to the replacement market and to tier II and III suppliers. The organized segment majorly caters to the OEM segment.

Raw material price volatility risk
MLPL is exposed to the risk of volatility in the prices of raw materials. The semi–finish Bulb Cutting, Solder Wire, Filament, Glass Tube, etc. are the major raw materials required for the production which constitutes majority of the total cost of production for FY24. MLPL is exposed to the risk of volatility in the prices of raw materials. Though, the company tries to pass on the price volatility to the end users, any adverse fluctuations in the prices may put pressure on the profitability of the company. Thus, the profitability of the company is based on the ability of the company to absorb the increase in raw material prices.

Liquidity: Stretched

The liquidity position of the company remains stretched as marked by ~85% utilisation of working capital limits for the past 12 months ended January 2025. Further, the company has tightly matched accruals vis-à-vis repayment obligations. The company has generated net cash accrual (NCA) of Rs. 2.30 crore during FY24 and is expected to generate NCA of Rs. 2.47 Crore in FY25, against repayment obligation of approx. Rs. 1.60 crore in the same year. While the current ratio was at 1.22x, its quick ratio remained moderate at 0.51x as on March 31, 2024, the company has cash and bank balance of 1.09 crores as on March 31, 2024.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

MLPL was incorporated as a Private Limited company in 1998. The company is engaged in the manufacturing of automotive bulbs. The company manufactures automotive lamps, miniature lamps and stop & taillight lamps under its brand "FOKAL" at its manufacturing facility located at Palwal, Haryana. The company's products mainly find application mainly in two wheelers and the company's key customers include domestic light and indicator manufacturers as well as OEMs. The company is International Automotive Task Force (IATF) 16949:2016 certified and its manufacturing plant is equipped with latest lamp testing and manufacturing facilities. The company's lamps are in line with the requirements of ECER37 and AIS034 lamp regulations & specification. The company procures its key raw materials i.e., Semi Finish Bulb Cutting, Solder Wire, Glass Tube, etc. directly from various suppliers based in Delhi and Haryana. Further, the company also imports raw materials such as Cap Bau, Glass Tube, Filament, etc. from China, Thailand, Taiwan, Germany and Poland.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	64.48	69.84	56.09
PBILDT	2.89	5.31	5.05
PAT	-1.09	0.37	-
Overall gearing (times)	1.19	1.01	-
Interest coverage (times)	1.12	1.92	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

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 and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	18.00	CARE BB; Positive
Fund-based - LT-Term Loan		-	-	31/03/2027	2.06	CARE BB; Positive
Fund-based/Non-fund-based-LT/ST		-	-	-	2.55	CARE BB; Positive / CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	1.00	CARE A4

Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	2.06	CARE BB; Positive	-	1)CARE BB; Stable (19-Mar-24)	1)CARE BB; Stable (06-Mar-23)	1)CARE BB; Stable (09-Mar-22)
2	Fund-based - LT-Cash Credit	LT	18.00	CARE BB; Positive	-	1)CARE BB; Stable (19-Mar-24)	1)CARE BB; Stable (06-Mar-23)	1)CARE BB; Stable (09-Mar-22)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	2.55	CARE BB; Positive / CARE A4	-	1)CARE BB; Stable / CARE A4 (19-Mar-24)	1)CARE A4 (06-Mar-23)	1)CARE A4 (09-Mar-22)
4	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A4	-	1)CARE A4 (19-Mar-24)	1)CARE A4 (06-Mar-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

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

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: 91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 91-22-67543444 E-mail: Ankur.sachdeva@careedge.in	Rajan Sukhija Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Mayank Gupta Analyst **CARE Ratings Limited** E-mail: Mayank.gupta@careedge.in

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.

For detailed Rationale Report and subscription information, please visit www.careedge.in