

## Mohite Industries Limited

November 21, 2022

### Ratings

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable / A Four ISSUER NOT COOPERATING*) and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) and Withdrawn
<b>Total Bank Facilities</b>	-	-	

Details of instruments/facilities in Annexure-1.

### Detailed Rationale and Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding ratings of CARE B+; Stable/CARE A4; Issuer Not Cooperating (Single B Plus; Outlook: Stable/A Four; Issuer Not Cooperating) assigned to the bank facilities of Mohite Industries Limited (MIL) with immediate effect. The above action has been taken at the request of Mohite Industries Limited (MIL) and 'No Objection Certificate' received from the bank that have extended the facilities rated by CARE.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**Moderate scale of operations:** The total operating income (TOI) of the company improved to Rs. 134.41 crore in FY22 as against Rs. 67.93 crore in FY21, indicating a y-o-y growth rate of ~97.87%. Further, during H1FY23, the company has booked TOI at Rs.39.69 crore.

**Moderate profit margins:** The profitability margins of the company marked by PBILDT margin declined to 9.41% in FY22 as against 20.70% in FY21. However, PAT margin of the company improved to 2.72% in FY22 as against 1.43% in FY21. Moreover, the company has registered PBILDT and PAT margin of 19.60% and 4.10% respectively for H1FY23 (referring for a period from April 1 to September 30).

**Moderate debt coverage indicators:** The debt coverage indicators of the company marked by total debt to GCA improved and continues to remain moderate at 9.00 times as at the end of FY22 as against 12.88 times as at the end of FY21. The improvement was mainly on account of increase in cash accruals. However, interest coverage ratio stood at 1.53x in FY22 as against 1.74x in FY21. Further, the interest coverage of the company improved marginally and stood at 1.94x for H1FY23.

**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

#### 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.

<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

**Comfortable capital structure:** Capital structure of the company marked by overall gearing ratio improved and remained comfortable at 0.73x as on March 31, 2022 as against 0.83x as on March 31, 2021.

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy on Withdrawal of Ratings](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating Methodology for 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)	FY21 (A)	FY22 (A)	H1FY23 (UA)
Total Operating Income	67.93	134.41	39.69
PBILDT	14.06	12.65	7.78
PAT	0.97	3.65	1.63
Overall Gearing (times)	0.83	0.73	0.71
Interest coverage (times)	1.74	1.53	1.94

A: Audited, Un audited

**Status of non-cooperation with previous CRA:** Nil

**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-Cash Credit		-	-	-	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn

**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-Cash Credit	LT	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING * (11-May-22)	-	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	-	-	1)CARE A4; ISSUER NOT COOPERATING * (11-May-22)	-	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)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (11-May-22)	-	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 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-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 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.

**Contact us****Media contact**

Name: Mradul Mishra  
Phone: +91-22-6754 3596  
E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)

**Analyst contact**

Name: Monika Goenka  
Phone: +91-88793 00881  
E-mail: [monika.goenka@careedge.in](mailto:monika.goenka@careedge.in)

**Relationship contact**

Name: Aakash Jain  
Phone: +91-81064 00001  
E-mail: [aakash.jain@careedge.in](mailto:aakash.jain@careedge.in)

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