August 05, 2021

Mittal Life Style Limited: Moved to Non-Cooperating category, Rating downgraded based on best available information

Summary of rating action

Instrument^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based – Cash Credit facility	4.40	4.40	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Downgraded from [ICRA]BB (stable); Rating moved to the 'Issuer Not Cooperating' category
Unallocated Limited	5.60	5.60	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Downgraded from [ICRA]BB (stable); Rating moved to the 'Issuer Not Cooperating' category
Total	10.00	10.00	

**Issuer did not cooperate; based on best available information.*

^Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of the lack of adequate information regarding Mittal Life Style Limited's ('MLSL' or 'The Company') performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with MLSL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. ICRA has also been sending repeated reminders to the entity for payment of surveillance fee that became due. However, despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: Click here. ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by a rated entity
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Established in 2005 by the Mittal family, MLSL is involved in trading of denim fabric. The company was listed under SME platform of National Stock Exchange (NSE) in 2018. J. K. Denim Fab Private Limited, the largest shareholder (33%) of MLSL, is involved in similar line of business and is a closely-held private company by the Mittal family through Mr. Brijesh Kumar Mittal, Mr. Pratik Brijesh Kumar Mittal and Mrs. Sudha Brijesh Kumar Mittal, who are also the shareholders and directors of MLSL. The company procures denim fabric primarily from Ahmedabad (Gujarat) and sells it in Mumbai and Ulhasnagar (Maharashtra). It has a registered office in Mumbai.

Key financial indicators (Audited)

MLSL	FY2020	FY2021
Operating Income (Rs. crore)	99.8	53.2
PAT (Rs. crore)	1.5	0.3
OPBDIT/OI (%)	2.7%	1.6%
PAT/OI (%)	1.5%	0.5%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	0.9
Total Debt/OPBDIT (times)	2.5	7.8
Interest Coverage (times)	5.7	2.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2021 (Rs. crore)	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					August 05, 2021	-	March 27, 2020	-
1	Cash Credit	Long-term	4.40	--	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	-	[ICRA]BB (Stable)	-
2	Unallocated	Long-term	5.60	--	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	-	[ICRA]BB (Stable)	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Cash Credit	Simple
Long-term – Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	4.40	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
NA	Unallocated Limits	NA	NA	NA	5.60	[ICRA]B+ (Stable) ISSUER NOT COOPERATING

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Kinjal Shah
+91 022 61143400
kinjal.shah@icraindia.com

Gaurav Jain
+91 20 66069922
gaurav.jain@icraindia.com

Nandan Shah
+91 22 61693353
nandan.shah@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody’s Investors Service is ICRA’s largest shareholder.

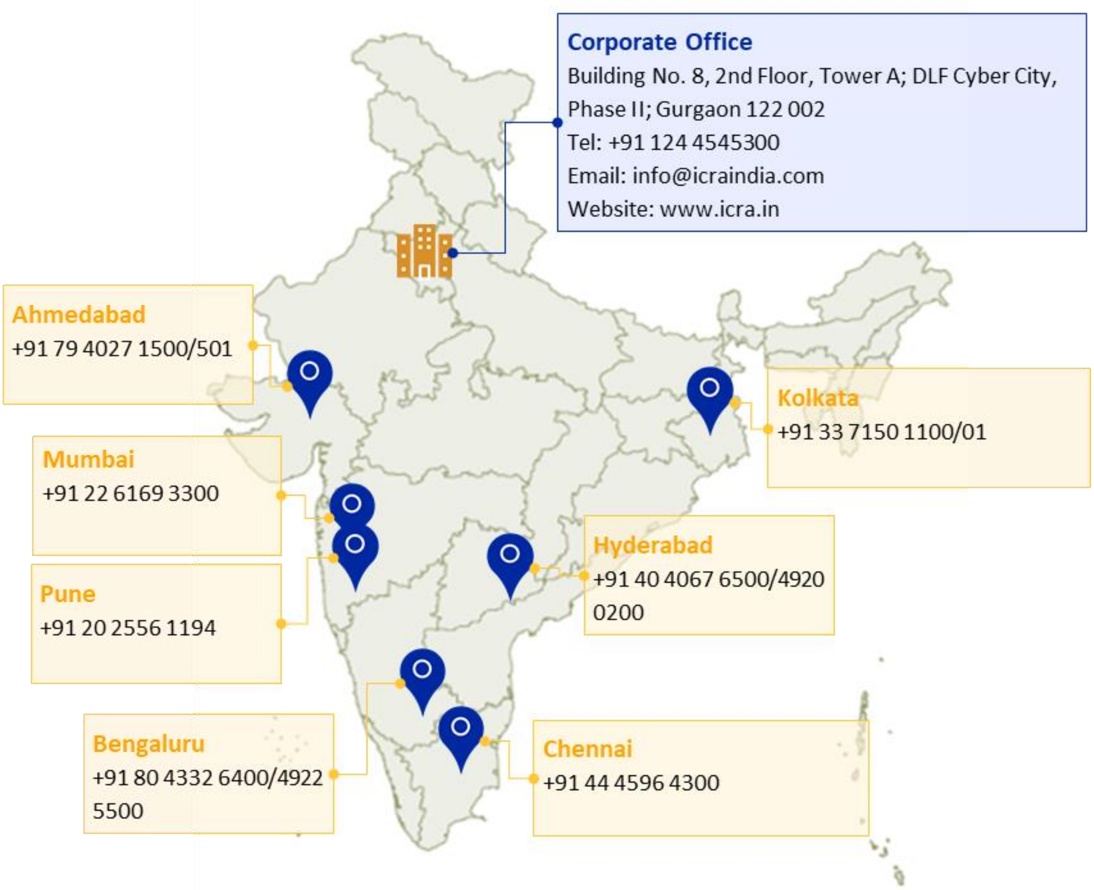
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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