



### Press Release

MAS Additives Private Limited

August 28, 2024

### Rating Assigned, Upgraded & Partly Withdrawal

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	11.00	-	ACUITE A4+   Upgraded
Bank Loan Ratings	8.00	-	ACUITE A4+   Upgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	16.00	-	-
Total Withdrawn Quantum (Rs. Cr)	8.00	-	-

### Rating Rationale

Acuite has Upgraded its Short-term rating to '**ACUITE A4+**' (read as **ACUITE A Four Plus**) from '**ACUITE A4**' (read as **ACUITE A4**) on the Rs.11 Cr. Bank facilities of Mas Additives Private Limited.

Acuite has Assigned its long-term rating to '**ACUITE BB+**' (read as **ACUITE Double B Plus**) on the Rs.5 Cr. Bank facilities of Mas Additives Private Limited. The Outlook is '**Stable**'.

Acuite has upgraded and withdrawn its Short-term rating to '**ACUITE A4+**' (read as **ACUITE A Four Plus**) from '**ACUITE A4**' (read as **ACUITE A Four**) on the Rs. 8.00 Cr. bank facilities of Mas Additives Private Limited. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company.

### Rationale for Assigned, Upgrade & Partly Withdrawal

The rating takes into account the established track record of operations of almost 15 years in this business along with experienced management. However, the operating income of the company declined and stood at Rs. 113.03 Cr. in FY2024 (Prov.) as against Rs. 142.06 Cr. in FY2023 and Rs. 145.02 Cr. in FY2022. The rating favorably factors in healthy financial risk profile characterized by healthy networth, below unity gearing and healthy debt protection metrics. Further it considers the adequate liquidity position of the company with low reliance on short term bank borrowings with an average utilization of ~33% for the last 12 months ended March 2024. However, the above mentioned strengths are constrained by working capital intensive nature of operations with high GCA days of 128 days in FY2024 (Prov.). Further, the operating profit margin deteriorated to 1.86% in FY2024(Prov) from 4.02% in FY2023.

The rating is, however, constrained by its exposure to intensive competition in the trading industry coupled with the volatility in prices

### **About the Company**

MAS Additives Private Limited (MAPL) incorporated in 2008, is a Maharashtra based company promoted by Mr. Manish Shah, Mrs. Tejal Shah and Mr. Anantrai Shah engaged as authorized agent for Kaneka Corporation, Peter Greven Co., Chemson Ltd, Akdeniz Kimya, Mitsui Chemicals, Clariant International, Kerry Group for trading of additives polymer chemicals. The company has another branch at Vapi, Gujarat. The directors have more than

2 decades of experience in the same line of business. MAS Chemicals was formed as proprietorship concern in the year 1992 by Mr. Manish Shah and was converted into private limited in the year 2008.

## Unsupported Rating

Not Applicable

## Key Rating Drivers

### Strengths

#### **Established track record of operations along with experienced management**

MAPL is promoted by Mr. Manish Shah Mrs, Tejal Shah and Mr. Anantrai Shah who have over a decade of experience in chemical trading business. MAPL is a distributor for Peter Greven Co, Akdeniz Kimya, Mitsui Chemicals, Kerry Group etc. The experience of the promoters has helped the company to maintain a longstanding relationship with its customers and suppliers. However, the company has recorded a decline in operating income, which stood at Rs.113.03 Cr. in FY2024(Prov.) as against 142.06 Cr. in FY2023 and Rs. 145.02 Cr. in FY2022. The decline in topline is on account of high pricing movement globally along with intense competition from both domestic players as well as the established players in the overseas market. The operating margin stood at 1.86% in FY2024(Prov) as against 4.02% in FY2023 on account of lower price realisation.

Acuité believes the company shall continue to benefit from its experienced management and established relationships with customers and suppliers.

#### **Healthy Financial Risk Profile:**

The financial risk profile of the company is healthy marked by healthy net worth, low gearing and healthy debt protection metrics. The tangible net worth of the company increased due to accretion of profit to the reserves. The company's networth increased to Rs. 50.52 Cr. as on 31st March 2024(Prov) as against Rs.46.88 Cr. as on 31st March 2023. The capital structure of the entity remains healthy with the gearing of 0.03 times as on 31 March 2024(Prov) as against 0.01 times as on 31st March 2023. The total debt of the company stood at Rs.1.36 Cr. as on March 31, 2024(Prov.) which includes working capital borrowing of Rs.1.04 Cr. and unsecured loan from promoters of Rs.0.32 Cr. The coverage ratios of the company stood healthy with Interest Coverage Ratio (ICR) of 23.11 times for FY2024(Prov.) as against 26.79 times for FY2023. The Debt Service Coverage Ratio (DSCR) improved and stood at 8.46 times for FY2024(Prov.) as against 5.29 times for FY2023. The total outside liabilities to tangible net worth (TOL/TNW) of the company remains moderate at 0.45 times for FY2024(Prov.) as against 0.44 times for FY2023.

### Weaknesses

#### **Moderate Working Capital Management:**

The company have moderate working capital management as evident by Gross Current Asset (GCA) Days of 128 days as on March 31, 2024(Prov.) as against 95 days as on March 31, 2023. The inventory days stood at 25 days in FY2024(Prov.) as against 29 days in FY2023. Further, the debtor days stood at 69 days in FY2024(Prov.) as against 52 days in FY2023. The creditor days of the company stood at 66 days in FY2024(Prov.) as against 51 days in FY23. The average utilization of the fund based working capital limits of the company remained at 33% in last twelve months ended March 2024. Going ahead, working capital operations are expected to remain in similar range over the medium term.

Acuite believes the working capital operations of the company may continue to remain moderate considering the nature of the business.

### **Highly competitive and fragmented industry**

The Chemical industry is highly competitive and fragmented with several small to mid size players in the market. The company faces intensive competition from peers and international players.

### **Rating Sensitivities**

Steady growth in revenues and profitability margins.  
Sustenance of healthy financial risk and liquidity profile.

### **Liquidity Position Adequate**

The company has an adequate liquidity position marked by adequate net cash accruals against nil repayment obligations. The company generated cash accruals of Rs.4.23 Cr. in FY2024(Prov.) as against Rs. 5.31 Cr. in FY2023. The company maintains cash and bank balances of Rs.6.67 Cr. as on March 31st, 2024(Prov.) as against Rs.1.75 Cr. as on March 31st, 2023. The current ratio of the stood at 1.72 times as on March 31st, 2024(Prov.) as against 2.38 times as on March 31, 2023. Going ahead, liquidity is expected to remain adequate in the near to medium term on account of sufficient cash accruals generations and buffer available from the unutilized working capital limits.

### **Outlook: Stable**

Acuité believes that Mas Additives Private Limited's outlook will remain 'Stable' over the medium term backed by its healthy financial risk profile, experience of management. The outlook may revised to 'Positive' in case the company registers higher than-expected growth in its revenue and profitability while restricting significant elongations in working capital cycle and maintaining the healthy financial risk profile and adequate liquidity position. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than expected growth in revenues and profitability, or, in case of deterioration in the company's business or financial risk profile or significant elongation in working capital cycle leading to stretch in liquidity.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	113.03	142.06
PAT	Rs. Cr.	3.77	4.85
PAT Margin	(%)	3.34	3.41
Total Debt/Tangible Net Worth	Times	0.03	0.01
PBDIT/Interest	Times	23.11	26.79

## Status of non-cooperation with previous CRA (if applicable)

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Aug 2023	Letter of Credit	Short Term	19.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
24 May 2022	Letter of Credit	Short Term	19.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
18 Feb 2021	Letter of Credit	Short Term	19.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BB+   Stable   Assigned
Saraswat Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE A4+   Upgraded ( from ACUITE A4 )
Saraswat Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A4+   Upgraded & Withdrawn ( from ACUITE A4 )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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