

## Press Release

### Mac Industries

February 17, 2020

### Rating Withdrawn



<b>Total Bank Facilities Rated*</b>	Rs. 17.00 crore
<b>Long Term Rating</b>	ACUITE BB- (Withdrawn)
<b>Short Term Rating</b>	ACUITE A4 (Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 17.00 crore bank facilities of MAC Industries. This rating is now withdrawn and is based on best available information.

The rating has been withdrawn on account of request received from the company and NOC received from the banker.

Mac Industries (MI) based at Valsad (Gujarat) was established in 2014. The partners of the firm are Mr. Sagar Sureshbhai Parekh, Mr. Ravi Rasikbhai Parekh and Mrs. Kusum Ramnik Vora. The firm is engaged in manufacturing, export and supply of synthetic, organic and aromatic chemicals. The firm has installed capacity of 7760 TPA.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of MAC Industries to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced partners**

The partners of the firm are Mr. Sagar Sureshbhai Parekh, Mr. Ravi Rasikbhai Parekh and Mrs. Kusum Ramnik Vora. The partners possess more than a decade experience in similar line of business through their association with other firms in the industry.

- **Moderate financial risk profile**

The financial risk profile is marked by net worth of Rs. 6.93 crore as on 31 March FY2019 as compared to Rs. 6.01 crore as on 31 March 2018. The firm has low debt to equity ratio of 0.93 times as on 31 March FY2019 as compared to 1.37 times as on 31 March 2018. The Interest Coverage Ratio (ICR) also stood comfortable at 2.47 times in FY2019 which has improved from 1.82 times in FY2018. Total outside Liabilities/Tangible Net Worth stood at 1.68 times in FY2019 and 2.10 times in FY2018. The Debt Service Coverage Ratio stood at 2.45 times in FY2019.

#### Weaknesses

- **Nascent stage of operations**

The firm is exposed to risks related to nascent stages of operation which is reflected in its revenue profile. The scale of operations is small as reflected in operating income of around Rs. 29.90 crore for FY2019 and Rs. 21.88 crore in FY2018. Further, the firm has undertaken capital expenditure in FY2019 which will likely to have impact on overall financial risk profile.

• **Highly fragmented and competitive industry**

The aromatic chemicals industry is highly fragmented with several organised and unorganised players thereby impacting the firm's margins

**Liquidity Position: Adequate**

Mac Industries liquidity is adequate marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.1.15 crore, while its maturing debt obligations were in the range of Rs.0.18 crore over the FY2018-19. The current ratio of the company stands low at 1.21 times as on March 31, 2019. The GCA days stood at 164 days in FY2019 as against 254 days in FY2018.

**Rating Sensitivities**

Not Applicable

**About the Rated Entity - Key Financials**

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	29.90	21.88
PAT	Rs. Cr.	0.51	0.11
PAT Margin	(%)	1.72	0.51
Total Debt/Tangible Net Worth	Times	0.93	1.37
PBDIT/Interest	Times	2.47	1.82

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

Not Applicable

**Any other information**

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups

**Material Covenants**

None

**Applicable Criteria**

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/criteria-complexity-levels.htm>

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
16 – Jul- 2019	Cash Credit	Long Term	5.50	ACUITE BB- Issuer not co-operating*
	Proposed Long Term Bank Facility	Long Term	2.50	ACUITE BB- Issuer not co-operating*
	Letter of credit	Short Term	3.00	ACUITE A4 Issuer not co-operating*
	Proposed Letter of Credit	Short Term	6.00	ACUITE A4 Issuer not co-operating*
	Cash Credit	Long Term	5.50	ACUITE BB- / Stable (Assigned)

18-Jun-2018	Proposed Bank Facility	Long Term	2.50	ACUITE BB- / Stable (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A4 (Assigned)
	Proposed Letter of Credit	Short Term	6.00	ACUITE A4 (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE BB- (Withdrawn)
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE BB- (Withdrawn)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4 (Withdrawn)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A4 (Withdrawn)

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**About Acuité Ratings & Research:**

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