

Press Release

Mark Speciality India Private Limited

February 02, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 6.32 crore
Long Term Rating	ACUITE BB (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 6.32 crore bank facilities of Mark Speciality India Private Limited (MSPL). The rating is being withdrawn on account of request received from the company and NOC received from the banker and based on confirmations received as per Acuite's policy.

MSPL is a Thane based company incorporated in 2004. It is managed by Mr. Jaymesh Mhatre and Ms. Manasi Mhatre. MSPL is engaged in manufacturing of grease and oils used by various industrial machines and automobiles. Its manufacturing facility is based in Khopoli, Maharashtra.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of MSPL to arrive at a rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced promoter**

Mark Speciality was incorporated in 2004 by Mr. Jaymesh Mhatre and Ms. Manasi Mhatre. Ms. Manasi Mhatre is an architect who joined the business in 2015 and Mr. Jaymesh is a chemical engineer having experience of more than two decades through other group firms named Librol and Shree Ganesh both of which were engaged in the same line of business as MSPL but currently, there are no operations in these firms. The experience of the promoter has helped MSPL in establishing healthy connections in the industry over the years.

- **Moderate financial risk profile**

MSPL's financial risk profile is moderate marked by modest net worth and high debt protection measures and moderate gearing. The net worth of the company is modest at Rs. 5.12 crore as on 31 March 2020 as against Rs. 4.43 crore as on 31 March 2019. The gearing (debt to equity) improved to 0.51 times as on March 31, 2020 as against 1.38 times as on March 31, 2019. Total debt of Rs. 2.63 crore consists of long term loans of Rs. 0.64 crore and working capital facility of Rs. 1.99 crore as on 31 March 2020. Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved to 1.46 times as on 31 March 2020 as against 2.09 times as on 31 March 2019. Interest Coverage Ratio (ICR) marginally decreased to 3.24 times in FY2020 from 4.17 times in FY2019. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.45 times as on 31 March 2020 and 0.17 as on 31 March 2019. Debt Service Coverage Ratio (DSCR) decreased to 1.78 times in FY2020 from 2.86 times in FY2019.

Weaknesses

- **Competitive and fragmented nature of industry**

MSPL operates in a highly competitive and fragmented industry as there is presence of multiple players from both organized as well as unorganized players in the industry. This puts pressure on the profitability of the company.

Liquidity Position: Stretched

MSPL has stretched liquidity marked by moderate cushion of net cash accruals to its maturing debt obligations. The company has generated cash accruals of Rs. 1.17 crore in FY2020 as against Rs. 1.02 crore in FY2019, while its maturing debt obligation, were Rs. 0.45 crore for the same period. The company's operations are moderately working capital intensive marked by gross current asset (GCA) days of 92 in FY2020. Average utilization of cash credit limits stands at ~48% for the period May 2020 – October 2020. The company maintained unencumbered cash and bank balances of Rs.0.02 crore as on March 31, 2020. The current ratio of the MSPL stands at 1.25 times as on March 31, 2020.

Material Covenants

None

Rating Sensitivities

Not Applicable

Rating Outlook

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	36.23	34.81
PAT	Rs. Cr.	0.69	0.53
PAT Margin	(%)	1.90	1.52
Total Debt/Tangible Net Worth	Times	0.51	1.38
PBDIT/Interest	Times	4.17	3.24

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

Not Applicable

Any other information

None

Applicable Criteria

- Application of Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
20-Nov-2019	Overdraft	Long Term	5.00	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long Term	0.89	ACUITE BB/ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	0.43	ACUITE BB/ Stable (Reaffirmed)
03-Dec-2018	Overdraft	Long Term	4.50	ACUITE BB/ Stable (Assigned)
	Term Loan	Long Term	1.82	ACUITE BB/ Stable (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	5.00	ACUITE BB (Withdrawn)
Term Loan	Not Available	Not Applicable	Not Available	0.89	ACUITE BB (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.43	ACUITE BB (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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