

## Press Release

### Map Overseas LLP

June 17, 2020

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 30.00 Cr.
<b>Long Term Rating</b>	ACUITE BB- / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned 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. 30.00 crore bank facilities of MAP OVERSEAS LLP (MOL).

Established in 2018, the firm started its operations in May, 2019. MOL is a Gujarat-based firm promoted by Mr. Mehulkumar A. Patel and Mrs. Khushboo M. Patel. The firm is engaged trading of soybean oil, palm oil and cottonseed oil.

#### Analytical Approach

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

### Key Rating Drivers

#### Strengths

- **Experienced management**

MOL is promoted by Mr. Mehulkumar Patel and Mrs. Khushboo Patel who have an experience of around two decades through their group companies MAP Oil LLP (ACUITE BBB-/Stable/A3) and MAP Refoils Private Limited (ACUITE BBB-/Stable/A3). Mr. Mehul Patel manages all day to-day operations and marketing of the firm. The promoters backed by their experience have been able to establish long-standing relationship with their customers.

Acuite believes that the firm will be able to establish its market position on the back of the experienced promoters.

- **Efficient working capital management**

MOL's working capital is efficiently managed as is reflected by its gross current asset (GCA) days of around 69 days (Provisional) for FY2020. The company maintains inventory of around 40-60 days. The firm extends a credit period of around 30-45 days to its customers and realizes payments within 40-50 days. On the other hand, the company gets 15-30 days credit from its suppliers which supports the working capital management of the firm.

Acuite expects the working capital management to remain efficient over the medium term on account of the lean inventory levels maintained by the firm.

#### Weaknesses

- **Nascent stage of operations**

MOL commenced its operations from May, 2019. The firm is at nascent stage of operations and hence the firm is exposed to operation stabilization risk. Further, it remains exposed to the risks associated with successful scale up of operations. MOL registered a turnover of Rs. 182.79 crores (Provisional) for the period May, 2019 to February, 2020 with Profit after Tax (PAT) of Rs. 0.45 crore (Provisional). However, the risk is partially mitigated due to promoter's experience in the industry for over two decades and the established channels of the firm to procure materials which can help to further scale up the operating performance.

Acuite believes scaling up of operations while maintain the profitability will remain a key rating sensitivity factors over near to medium term.

### Rating Sensitivities

- Stretch in Gross Current Asset (GCA) days.
- Significant improvement in scale of operation while maintaining profitability margin leading to overall improvement in financial risk profile.

### Material Covenants

None

### Liquidity Position: Adequate

Acuite expects that the liquidity position of MOL to be adequate with no maturing debt obligations during FY2020-21. Acuite believes that the promoters would support the firm till operations stabilise. The liquidity of the company is likely to remain adequate over the medium term on account of support from the promoters to fund the liquidity deficit in the initial stage of operations and no debt repayment obligations over the medium term.

### Outlook: Stable

Acuite believes that the firm's outlook will remain 'Stable' over the medium term from its experienced management and efficient working capital operations. The outlook may be revised to 'Positive' in case of higher than expected growth in its revenues, while improving its profitability. The outlook may be revised to 'Negative' in case of steep decline in revenues and profitability or stretch in its working capital management leading to deterioration of its financial risk profile and liquidity positions.

### About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	NA	NA
PAT	Rs. Cr.	NA	NA
PAT Margin	(%)	NA	NA
Total Debt/Tangible Net Worth	Times	NA	NA
PBDIT/Interest	Times	NA	NA

Note: The company started its operations from May, 2019.

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

None

### Any other information

Not applicable

### Applicable Criteria

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

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
OCC/ODBD	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB- /Stable
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A4

## Contacts

Analytical	Rating Desk
<p>Aditya Gupta Vice President - Corporate and Infrastructure Sector Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a></p> <p>Grishma Muni Analyst - Rating Operations Tel: 022-49294035 <a href="mailto:grishma.muni@acuite.in">grishma.muni@acuite.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

### About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.