

Press Release

Map Overseas LLP

August 25, 2021



Rating Downgraded

Total Bank Facilities Rated*	Rs.30.00 crore#
Long Term Rating	ACUITE D (Downgraded from ACUITE BB-/Stable)
Short Term Rating	ACUITE D (Downgraded from ACUITE A4)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D (read as ACUITE D)**' from '**ACUITE BB- (read as ACUITE double B minus)**' and short term rating to '**ACUITE D (read as ACUITE D)**' from **ACUITE A4 (read as ACUITE A four)** on the Rs.30.00 crore bank facilities of Map Overseas LLP (MOL).

The rating downgrade is on account of overdues in the cash credit account beyond 30 days and devolvement in the Letter of Credit (LC) between May'21 to July'21 due to cash flow mismatches.

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

Acuité has considered the standalone business and financial risk profiles of Map Overseas LLP to arrive at this rating.

Key Rating Driver

Strengths

- **Experienced management**

MOL is promoted by Mr. Mehulkumar Patel and Mrs. Khushboo Patel who possesses an established presence in the market for almost two decades through their group companies MAP Oil LLP and MAP Refoils Private Limited. Mr. Mehul Patel manages all day to-day operations and marketing of the firm. The promoters backed by their experience have been able to generate long-standing relationship with their customers.

Weaknesses

- **Delays in debt servicing**

The account is classified SMA-2 as on date as confirmed by the bank. There has been instances of devolvement in LC's since May, 2021 due to which the cash credit account is also overdrawn since June, 2021. This is mainly due the stretched liquidity and impact of lockdown due to Covid.

- **Average financial risk profile**

The company has average financial risk profile marked by low net worth, high gearing and low debt protection metrics. The net worth stood at Rs.6.59 crore as on 31 March, 2021 (Prov) as against Rs.6.56 crore on 31 March, 2020. The firm's gearing increased to 6.11 times as on 31 March, 2021 (Prov) as against 5.84 times in the FY2020. The debt of Rs.40.22 as on FY2021 mainly consists unsecured loan from directors and promoters Rs.11.75 crore and short term debt Rs.28.47 crore. The debt protection metrics was low marked by Interest Coverage Ratio of 1.01 times in FY2021 (Prov). The total outside liabilities by tangible net worth (TOL/TNW) marginally deteriorated to 6.19 times as on 31 March, 2021 (Prov) as against 6.01 times same period last year.

Rating Sensitivity

- Timely repayment of the debt obligations

Material Covenants

None

Liquidity Position: Poor

The company has poor liquidity marked by the ongoing delays in the account. Due to the ongoing pandemic situation the liquidity of the company has impacted severely. Acuité believes the liquidity position of the company will continue to remain poor over the medium.

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Prov)	FY20 (Actual)
Operating Income	Rs. Cr.	172.25	182.91
PAT	Rs. Cr.	0.02	0.02
PAT Margin	(%)	0.01	0.01
Total Debt/Tangible Net Worth	Times	6.11	5.84
PBDIT/Interest	Times	1.01	1.01

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

Not Applicable

Any other information

None

Applicable Criteria

- Trading entities- <https://www.acuite.in/view-rating-criteria-61.htm>
- 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>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-June-2020	OCC/ODBD	Long Term	3.00	ACUITE BB-/ Stable (Assigned)
	Bill Discounting	Short Term	2.00	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Lenders Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Canara Bank	OCC/ODBD	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE D (Downgraded from ACUITE BB-/ Stable)

Canara Bank	Bill Discounting	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE D (Downgraded from ACUITE A4)
Canara Bank	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE D (Downgraded from ACUITE A4)

Contacts

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About Acuité Ratings & Research:

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