



**Press Release**  
**M S International**  
**April 30, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE BB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	35.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE BB-**' (read as **ACUITE double B Minus**) on the Rs.35.00 crore bank facilities of M S International (MSI). The outlook is '**Stable**'

**Rationale for rating reaffirmation**

The rating reaffirmation takes into consideration the extensive experience of the partners in the industry. Further, the financial risk profile of the company saw improvement in FY23 along with sustained growth in scale of operations over the years. The rating also factors the moderate financial risk profile and adequate liquidity position of the company. The financial risk profile is moderate marked by moderate net worth, moderate gearing, and average debt protection metrics. The net worth of the company stood at 13.77 Cr. as on March 31, 2023, as against Rs.10.68 Cr. as on March 31, 2022. the gearing level of the company stood moderate at 2.20 times as on March 31, 2023, as against 1.67 times as on March 31, 2022. Further, the debt protection metrics of the company remained average with Interest coverage ratio (ICR) and Debt service coverage ratio (DSCR) of 2.28 times and 1.60 times respectively, as on March 31, 2023.

**About the Company**

Established in October 2017, M S International is a Gujarat-based partnership firm, where Mr. Maaz Suthar, Mr. Rehanabanu Salauddin Modasiya and Mr. Zaid Tadha are partners. The firm is engaged in the business of supplying processed or chips-quality potatoes (known as Lady Rosetta potatoes) to potato chips/wafers manufacturing companies domestically and internationally. M S International has been awarded the status of Authorised Economic operator and the firm has also applied for star export house certificate

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

Moderate experience of promoter supported by business experience of family

M S International, a partnership firm, was established in October 2017 and is led by Mr. Maaz Suthar, managing partner of the firm. Though M S International started operations five years

ago, Mr. Maaz Suthar has been in the trading business for the past seven years, and the Suthar family has long experience in the trading business. M S Group, owned by the Suthar family, has been in the trading business for the last 40 years. The group started its business by trading grocery items in a small village in Aravalli district, Gujarat, in 1982. Over the years, the group expanded into other trading businesses, such as the trading of grains, fertilizer, and pesticides, among others. The established presence of the group has helped develop good relations with suppliers and clients in agricultural-related businesses, which is also enabling M.S. International to expand its customer base and grow. In October 2017, M S International started its operations with just 1-2 customers, and the firm now has more than 15 customers, including some renowned clients like PepsiCo India Holdings Pvt. Ltd., Balaji Wafers, ITC, etc. in the domestic market.

The revenue of the firm stood at Rs. 154.80 crore in FY2023, registering a growth of ~99.72 percent YoY compared to revenue of Rs. 77.51 crore in FY2022. The operating profit margins are stable and stood at 2.04% in FY2023 as against 2.20% in FY2022. The PAT margin stood at 0.71 percent in FY2023, as against 1.18 percent in FY2022.

### **Moderate Financial Risk Profile**

MS International has a moderate financial risk profile, marked by a tangible net worth of Rs. 13.77 crore as of March 31, 2023, as against Rs. 10.68 crore as on March 31, 2022. The gearing level of the company remained moderate at 2.20 times as on March 31, 2023, as opposed to 1.67 times as on March 31, 2022. The total debt outstanding of Rs. 30.24 crore consists of working capital borrowings of Rs. 24.95 crore, unsecured loans from promoters of Rs. 2.34 crore, and term loans of Rs. 2.66 crore as of March 31, 2023. (The term loan includes COVID loans.) The coverage ratios of the company remained moderate, with an interest coverage ratio (ICR) stood at 2.28 times for FY2023 against 2.34 times for FY2022. Also, the debt service coverage ratio (DSCR) stood at 1.60 times for FY2023 as against 2.34 times for FY2022. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 3.35 times as on March 31, 2023, against 4.32 times as on March 31, 2022. Further, Net Cash Accruals to Total Debt (NCA/TD) stood at 0.04 times for FY2023 as against 0.05 times for FY2022. Acuite believes that the financial risk profile of the firm will remain moderate on account of the absence of any debt-funded capex plan.

### **Weaknesses**

#### **Risk of capital withdrawal and fluctuation in foreign exchange rate**

The firm is susceptible to the inherent risk of capital withdrawal given its constitution as a partnership. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Around 90 per cent of the firm's business is from exports and the firm has not availed any hedging instrument to cover foreign exchange risk. So, any adverse change in foreign exchange rate would hurt the overall operating performance and financial risk profile of the firm.

### **Rating Sensitivities**

- Any further elongation in working capital cycle
- Ability to improve scale of operations and profitability

### **Liquidity Position Adequate**

MSI has adequate liquidity position marked by its net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs. 1.17 crore in FY2023 compared against Rs. 0.29 crore maturing debt obligations. The average utilization of the working capital

limits of the firm remained at ~37.80 percent in the last twelve months ended December' 23. Furthermore, the firm maintains unencumbered cash and bank balances of Rs. 0.87 crore as of March 31, 2023, and the current ratio stood at 1.44 times as of March 31, 2023.

**Outlook: Stable**

Acuité believes that M S International would maintain a 'Stable' outlook over the medium term on account of support from established track record of M S Group and rising scale of operations. The outlook may be revised to 'Positive' in case the firm registers higher-than expected growth in revenue and operating margin. Conversely, the outlook may be revised to 'Negative' in case of lower-than expected growth in revenue and profitability, resulting in deterioration in the financial risk profile.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	154.80	77.51
PAT	Rs. Cr.	1.10	0.91
PAT Margin	(%)	0.71	1.18
Total Debt/Tangible Net Worth	Times	2.20	1.67
PBDIT/Interest	Times	2.28	2.34

### 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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
01 Feb 2023	Cash Credit	Long Term	14.00	ACUITE BB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	21.00	ACUITE BB-   Stable (Assigned)
16 May 2022	Cash Credit	Long Term	12.00	ACUITE B+ (Downgraded & Withdrawn from ACUITE BB-   Stable)
	Proposed Long Term Bank Facility	Long Term	14.00	ACUITE B+ (Downgraded & Withdrawn from ACUITE BB-   Stable)
22 Mar 2021	Cash Credit	Long Term	12.00	ACUITE BB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	14.00	ACUITE BB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE BB-   Stable   Reaffirmed

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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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