



Press Release
M S International
July 15, 2024
Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE BB- Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	35.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB-**' (read as **ACUITE double B Minus**) on the Rs.35.00 crore bank facilities of M S International (MSI). The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating has been withdrawn on account of the request received from the company along with no objection certificate received from the lender as per Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

Rationale for reaffirmation

The rating reaffirmation takes into consideration the extensive experience of the partners in the industry. The rating also factors in the moderation in the company's scale of operations, moderate financial risk profile, moderately intensive working capital operations and adequate liquidity position of the company.

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.

Moderate Financial Risk Profile

MS International has a moderate financial risk profile, marked by a tangible net worth of Rs. 16.92 crore as of March 31, 2024(Prov.), as against Rs. 13.77 crore as on March 31, 2023. The gearing level of the company remained moderate at 2.52 times as on March 31, 2024(Prov.), as against 2.20 times as on March 31, 2023. The total debt outstanding of Rs. 42.65 crore consists of working capital borrowings of Rs. 34.20 crore, unsecured loans from promoters of Rs. 5.80 crore, term loans of Rs. 2.48 crore and current maturities of long-term debt Rs.0.18Cr. as of March 31, 2024(Prov.). The coverage ratios of the company remained moderate, with an interest coverage ratio (ICR) at 2.39 times for FY2024(Prov.) against 2.28 times for FY2023. Also, the debt service coverage ratio (DSCR) stood at 1.65 times for FY2024(Prov.) as against 1.60 times for FY2023. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 2.69 times as on March 31, 2024(Prov.), against 3.35 times as on March 31, 2023. Further, Net Cash Accruals to Total Debt (NCA/TD) stood at 0.03 times for FY2024(Prov.) as against 0.04 times for FY2023.

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

Moderately intensive working capital management

The working capital operations of the Company is Moderately intensive marked by GCA days which stood at 182 days as on 31st March 2024(Prov.) against 140 days as on 31st March 2023. The high GCA days are majorly on account of high inventory levels during Last Quarter that is Q4. The debtor days stood at 123 days for FY2024(Prov.) against 118 days for FY2023. The creditor days of the company stood at 13 days for FY2024(Prov.) as against 57 days for FY2023. Since maximum Potato requirement (80-90%) is purchased through the contract farming, the firm maintain around 4-5-month inventory, resulting in higher inventory and debtors' days at March end. The average utilization of the working capital limits of the company remained high during the peak season that is from January to September.

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 80-90 percent 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

Not Applicable

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. 1.45 crore in FY2024 compared against Rs. 0.29 crore maturing debt obligations. The average utilization of the working capital limits of the firm remained at ~66.54 percent in the last Six months ended May 2024. Furthermore, the firm maintains unencumbered cash and bank balances of Rs. 2.93 crore as of

March 31, 2024(Prov.), and the current ratio stood at 1.67 times as of March 31, 2024(Prov.).

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	124.49	154.80
PAT	Rs. Cr.	1.38	1.10
PAT Margin	(%)	1.11	0.71
Total Debt/Tangible Net Worth	Times	2.52	2.20
PBDIT/Interest	Times	2.39	2.28

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Apr 2024	Cash Credit	Long Term	35.00	ACUITE BB- Stable (Reaffirmed)
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- Reaffirmed & Withdrawn

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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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