

Moneymart Securities Private Limited

May 30, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debentures	55.00	CARE BB; Stable (Double B; Outlook: Stable)	Reaffirmed
Total Long-Term Instruments	55.00 (Rs. Fifty-Five Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the non-convertible debentures of Moneymart Securities Private Ltd (MSPL) continues to factor in MSPL's experienced management; resourceful promoters and operational track record of over two decades. The rating factors in continuous support from the promoter Mr Mahesh Babani by way of capital infusion (Rs 207.85 crore during FY2022). Further, there has been growth in the loan portfolio for FY2022 (Rs 76.15 crore as on March 31, 2022, as against Rs 25.70 crore as on March 31, 2021) with nil NPA's as on March 31, 2022.

However, the rating is constrained by asset concentration with small scale of operations. The rating is further constrained due to MSPL's dependency on group companies to raise funds. In the absence of steady cash flows, MSPL's future liquidity position shall be impacted if MSPL faces any challenge in raising resources in a timely manner. Going forward the company's ability to diversify its resource mix at low cost, improvement in liquidity buffer and resultant impact on profitability will be key monitorable.

Rating Sensitivities

Positive Factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Improvement in liquidity buffer and profitability on a sustained basis.
- Increase in scale of operations.
- Diversification in the product profile.

Negative Factors- Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Deterioration in profitability leading to sustained losses.
- Challenges in raising funds commensurate with its near-term business requirements. Any challenges in attracting capital may impede the growth plans.
- Stance of key investors in equity infusion.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced senior management & resourceful promoter

Mr. Mahesh P Babani joined Privi Organics Limited in 1989 and is currently the Chairman & Managing Director of Privi Speciality Chemicals Limited (PSCL). He is involved in formulation of long-term strategy, business development and financial management of the Company which has helped the Company to achieve a sustained CAGR of 20% year on year for the last 8 years. PSCL is India's largest aroma chemical manufacturing company catering to the fragrance industry worldwide. MSPL bought additional shares amounting to Rs. 207.85 crore which were funded by equity infusion from Mahesh Babani & family amounting to Rs. 92.85 crore & a loan from Vivira Investment & Trading Private Ltd (also owned by Mr. Mahesh Babani & family) amounting to Rs. 115 crores in MSPL. Post this transaction Mr. Babani & family owns ~95% in MSPL.

The company's board is represented by 3 directors having experience in finance and chemical engineering. Mr Sanjeev Patil, the Chairman and Managing Director and Chemical Engineer from UDCT, Mumbai and MBA from Indian Institute of Management, Ahmedabad having 30 years of experience across financial services; private equity and speciality chemicals. Mrs Seema Babani with experience in finance and chemical industries. Mr Arun Newalkar having 26 years of work experience in finance and accounting.

Key Rating Weaknesses

Asset concentration within group companies

MSPL has invested and provided loans mainly to companies in Privi Group as Mr Mahesh Babani who has majority shareholding in MSPL and the Managing director and Chairman at Privi Group. Out of the total investments of MSPL, ~94% is invested in Privi Group with the largest stake by value in PSCL contributing 85.21% of the investments. As such, the repayment ability of the company is also dependent on the performance of the group companies.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Modest Profitability

The company's PAT decreased by 20% Y-O-Y from Rs 1.09 crore in FY21 to Rs 0.87 crore in FY22 due to higher operating expenses on account of one-off loss on sale of investments amounting to Rs 2.8 crore. Consequently, the ROTA thus decreased from 4.63% for FY20 to 1.72% for FY21 and 0.43% for FY22 (provisional). The profitability shall be lower going forward in the absence of incremental earnings from the existing assets.

Absence of predictable cash flow to repay the borrowings

MSPL mainly invests in the group companies of Mr. Mahesh Babani and as such is dependent on these investments for repayments of dues. During April 2021, the company received capital of Rs. 92.85 crore from the promoter family and diluted Rs 115 crore. Also, the company generates its revenues from interest income, dividend income, gain on sale of investment and rent on its real estate holdings. As such, the current income streams will not be adequate to repay the borrowings and the company will have to be dependent on sale of some of its assets to repay the debt. Absence of predictable cash flows create uncertainty on raising funds in a timely manner for repayments.

Liquidity: Stretched

The company's liquidity is supported by unencumbered cash and bank balance of Rs 0.31 crore and fixed deposit with maturity less than 3 months of Rs 0.73 crore as on March 31, 2022 (provisional) against the repayment obligations for next 6 months at ~Rs 1.5 crore. This debt obligation is the interest payments for next 6 months. The company's future liquidity position will hinge upon the company's ability to raise resources in a timely manner.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Non-Banking Finance Companies \(NBFCs\)](#)

[Financial ratios – Financial Sector](#)

[CARE's policy on withdrawal of rating](#)

About the Company

Incorporated in 1995, Mumbai based Money Mart Securities Private Limited (MSPL) is a Non-Banking Financial Company registered with RBI and primarily engaged in lending and related activities. Mrs Seema Babani; Mr Sanjeev Patil and Mr Arun Newalkar are the key decision makers in MSPL. Mr Mahesh Babani is the largest shareholder of Moneymart Securities Private Limited along with his family. Mr Mahesh Babani is the chairman and Managing Director and promoter at Privi Speciality Chemicals Limited. Privi Speciality Chemicals Limited (earlier known as Fairchem Speciality Limited) is a listed entity engaged in chemicals business. MSPL is one of the shareholders in Privi Speciality Chemicals Limited.

MSPL provides loans to inter group companies and invests in the companies where Mr Mahesh Babani and Family are either shareholder or directors.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	31-03-2022(UA)
Total operating income	4.13	4.34	8.23
PAT	2.31	1.09	0.87
Interest coverage (times)	27.46	3.92	1.54
Total Assets	58.06	68.49	335.04
Net NPA (%)	0.00	0.58	0.00
ROTA (%)	4.63	1.72	0.43

A: Audited; UA: Unaudited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non-Convertible Debentures	INE0JHF08010	11-Nov-2021	5%	10-Feb-2025	55.00	CARE BB; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type*	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Debentures-Non-Convertible Debentures	LT	55.00	CARE BB; Stable	-	1)CARE BB; Stable (31-May-21)	-	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Debentures-Non-Convertible Debentures	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact

Name: Mradul Mishra
Contact no.: +91-22-6754 3573
Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Niketa Kalan
Contact no.: +91-22-6754-3456
Email ID: Niketa.Kalan@careedge.in

Relationship Contact

Name: Saikat Roy
Contact no.: +91-22-6754-3404
Email ID: saikat.roy@careedge.in

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