

No. CARE/HO/RL/2022-23/1347.

Shri Mr. Sanjeev Patil
Managing Director
MoneyMart Securities Private Limited
3rd Floor, 7, Satguru House,
Sherly Rajan Road, Bandra West,
Mumbai
Maharashtra 400050

May 27, 2022

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY22 (Provisional), and the possible impact of the same on the credit profile of your company, our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Non Convertible Debentures	55.00	CARE BB; Stable (Double B; Outlook: Stable)	Reaffirmed
	Total Instruments	55.00 (Rs. Fifty-Five Crore Only)		

2. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 1**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by May 30,2022, we will proceed on the basis that you have no comments to offer.

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

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4. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.
6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
7. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
8. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Nirali Sanghvi

Nirali Sanghvi
Lead Analyst
Nirali.Sanghvi@careedge.in
Encl.: As above

Niketa Kalan

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Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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**Annexure-1
Draft Press Release**

Ratings

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



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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.

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 of sale in 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

- [Policy on default recognition](#)
- [Rating Outlook and Credit Watch](#)
- [Rating Methodology – Non-Banking Financial Companies](#)
- [Financial Ratios-Financial Sector](#)

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)	FY22 (UA)
Total 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
GNPA (%)	0	0	0.15
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

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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
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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Non-Convertible Debentures	Long Term	55.00	CARE BB; Stable (Reaffirmed)	CARE BB; Stable (Assigned)	-	-	-

* 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.	Non Convertible Debentures	Simple

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.



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