

## Press Release

14 March, 2017

### Amulya Sea Foods

### Rating Downgraded

<b>Total Bank Facilities Rated *</b>	Rs.52.06 Cr.
<b>Long Term Rating</b>	SMERA BB / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4+

# Refer Annexure for details

### Rating Rationale

SMERA has downgraded long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 52.06 crore bank facilities of Amulya Sea Foods. The outlook is '**Stable**'.

Amulya Sea Foods (ASF) and Nila Sea Foods Exports (NSFE) are part of the Nila group, a Tuticorin based group managed by Mr. D. Chandran and his family members. ASF was established in 2000 and NSFE in 2010 at Pattukotai. The group is engaged in the processing and export of frozen marine products like shrimps, lobster, squid, cuttle fish among others. The marine products are marketed under Amulya and Nila brand names.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The management possesses experience of around three decades in the seafood industry and is well supported by an experienced second level management.

- **Diversified customer base**

The group has customers across U.S.A, European countries, Japan and UAE. The processing units, certified by Hazard Analysis Critical Control Points (HACCP) and approved by European Union and USFDA help the group in procuring export orders.

- **Geographical diversification**

The group exports prawns, lobsters and shrimps to USA, Japan, UK and other European countries.

- **Locational advantage**

The processing units are located at major fishing areas of Pattukotai and Thootukudi port, which help procure raw material easily.

## Weaknesses

- **Moderate financial risk profile**

The financial risk profile is marked by moderate net worth base of Rs 31.63 cr, high debt- equity (gearing) of 2.52 times and low interest coverage of 1.05 times as on 31 March 2016 (provisional). The NCA/TD stood at 0.01 times in 31 March 2016 (provisional).

- **Losses incurred on account of bad debts**

The group suffered losses amounting to Rs.7.19 cr in FY2015-16 on account of bad debts which have been written off.

- **Susceptibility to risks inherent in the seafood industry**

The group remains vulnerable to the inherent risks in the seafood industry such as diseases, changes in climatic conditions, government policies among others.

## Analytical Approach

For arriving at the ratings, SMERA has combined the business and financial risk profiles of Amulya Sea Foods (ASF) and Nila Sea Foods Exports (NSFE) referred to as the Nila Group. The consolidation is in view of the common management, similarity in the line of business and significant operational and financial linkages between the firms.

## Outlook: Stable

SMERA believes that the group will continue to benefit over the medium term owing to the promoters vast experience in the sea-food industry. The outlook may be revised to Positive if the group achieves more than envisaged sales and profitability and registers improvement in its financial risk profile. Conversely, the outlook may be revised to Negative if the financial risk profile further deteriorates and the group fails to achieve its expected revenue growth and profitability.

## About the Rated Entity - Key Financials

For FY2016, the Nila Group reported profit after tax (PAT) of Rs. (1.73) cr on total operating income of Rs.282.96 cr, as compared with PAT of Rs.3.90 cr on total operating income of Rs. 297.57 cr in FY2015. The tangible net worth stood at Rs. 31.63 cr in FY2016 as compared to Rs. 32.23 cr in FY2015.

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

None

## Any other information

None

## Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Consolidation Of Companies - <https://www.smera.in/criteria-consolidation.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
24-Aug-2015	Term Loans	Long Term	INR 4.06	SMERA BB+ / Stable
	Export Packing Credit	Short Term	INR 25	SMERA A4+
	Foreign Bill Purchase	Short Term	INR 20	SMERA A4+
	Foreign Letter of Credit	Short Term	INR 3	SMERA A4+

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	4.06	SMERA BB / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	25.00	SMERA A4+
FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB / Stable

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## ABOUT SMERA

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