

Press Release

**S. S. Sea Food Private Limited
(SFPL)**

JULY 18, 2018



Rating Upgraded, Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 15.40 Cr. (Enhanced from Rs. 11.15 crore)
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has upgraded long-term rating to '**ACUITE B**' (**read as ACUITE B**) from '**ACUITE B-**' (**read as ACUITE B minus**) and reaffirmed short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 9.40 crore bank facilities of S. S. Sea Food Private Limited (SFPL). The outlook is '**Stable**'.

Further, Acuité has assigned short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 6.00 crore bank facilities of S. S. Sea Food Private Limited (SFPL).

Incorporated in 2012, S.S Sea Food Private Limited is a Kolkata-based company engaged in processing and trading of fish and shrimps to the countries like Vietnam, China, USA, Japan, etc. The company is promoted by Mr. Sankar Kumar Dutta and Mr. Sankar Pal. The company procures fish from local fisherman and traders in West Bengal, Orissa and Andhra Pradesh.

The upgrade is in the view of essential growth in revenues and significant growth in accruals coupled with efficient working capital management. Also, the business is supported by infusion of unsecured funds by the promoters. Acuité believes that going ahead SFPL will sustain growth in revenues over medium term.

Key Rating Drivers

Strengths

• Experienced Management

The promoters of the company Mr. Sankar Kumar Dutta and Mr. Sankar Pal have more than three decades of experience in the marine product business. Before starting this business they were engaged in service of sea food companies in Bangladesh and India. The promoters also manage another group firm named S.S Sea Food, a partnership firm engaged in the same business in the domestic market, it was established in 2011.

• Healthy Revenue Growth

SFPL has reported healthy revenue growth with compounded annual Growth rate (CAGR) of around 79.18 percent during the last three years ended 31 March, 2018 (Provisional). The company reported significant revenue growth of Rs. 118.41 crore in FY2018 (Provisional) as against revenue of Rs. 93.16 crore in FY2017 and revenue of Rs. 36.88 crore in FY2016. The significant growth in revenue is due to stabilization of operations and increasing demand for the product.

Weaknesses

• Declining Operating Profitability

The operating margins declined to 2.81 percent in FY2018 (Provisional) from 3.06 percent FY2017 and 4.08 percent in FY2016 on account of increasing manufacturing and selling expense. Also, The PAT margins stood at 0.77 per cent in FY2018 (Provisional) and 0.81 per cent in FY2017.

- **Susceptibility to risk inherent in the seafood industry and forex risk**

SFPL remains vulnerable to the risks inherent in the seafood industry such as susceptibility to quality of the products due to diseases, climatic changes and application of stringent norms. Also, adverse changes in domestic and foreign Government policies such as modifications in export incentives offered to industry creates risk for the industry. SFPL exports to the countries like China, Vietnam, USA, Japan, etc. which exposes to the volatility of exchange rate.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

Acuité believes that SFPL will continue to benefit over the medium term from the promoters experience in marine product business and diversification in terms of product and geography. The outlook may be revised to 'Positive' if the company generates more than expected revenue, while improving its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to improve its financial risk profile or the scale of operations are not expanded as expected amongst intense competition

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	118.41	93.16	36.88
EBITDA	Rs. Cr.	3.33	2.85	1.50
PAT	Rs. Cr.	0.99	0.76	0.08
EBITDA Margin	(%)	2.81	3.06	4.08
PAT Margin	(%)	0.84	0.81	0.22
ROCE	(%)	19.76	20.46	12.05
Total Debt/Tangible Net Worth	Times	4.97	9.39	18.54
PBDIT/Interest	Times	3.70	3.08	2.42
Total Debt/PBDIT	Times	3.05	3.46	4.78
Gross Current Assets (Days)	Days	22	23	42

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

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>
- Manufacturing Entity - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument/Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook

02-Aug-2016	Term Loan	Long Term	3.78	ACUITE B-/Stable (Assigned)
	Packing Credit	Short Term	2.00	ACUITE A4 (Assigned)
	Proposed Bank Facility	Short Term	0.22	ACUITE A4 (Assigned)

*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 Loan	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B / Stable (Upgraded)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	7.40	ACUITE A4 (Reaffirmed)
Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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