



**Press Release**  
**TOLAR OCEAN PRODUCTS PRIVATE LIMITED**  
**May 30, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.60	ACUITE BB-   Stable   Assigned	-
Bank Loan Ratings	15.00	ACUITE BB-   Stable   Reaffirmed	-
Bank Loan Ratings	24.00	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	39.60	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has reaffirmed the long-term rating of ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) and the short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.39.00 Cr. bank facilities of Tolar Ocean Products Private Limited (TOPPL). The outlook is ‘**Stable**’.

Acuité has also assigned the long-term rating of ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) on the Rs.0.60 Cr. bank facilities of Tolar Ocean Products Private Limited (TOPPL). The outlook is ‘**Stable**’.

**Rationale for rating**

The rating reaffirmation considers moderation in operating performance and financial risk profile marked by deterioration in gearing and coverage indicators due to the debt funded capex. Further rating factors in the experienced management and established track record of operations. The rating is, however, constrained by the company’s moderately elongated working capital cycle, stretched liquidity position and susceptibility of profitability to volatility in input prices, stiff competition and forex risk.

**About the Company**

Tolar Ocean Products Private Limited (TOPPL) is engaged in the processing and exports of frozen sea products. The seafood includes Indian Mackerel, Ribbon Fish, Squid, Octopus, Cuttle Fish, Sardine, Sea White, Vannamei Shrimps and many more. The present directors of the company are Mr. Prakash Tolar, Mr. Tholar Prakasha Savitha and Ms. Ananya Prakash Tolar. The registered office of the company is in Karnataka. The company procures 80 per cent of fish from marine (sea) remaining through aqua culture. TOPPL has 100 ton of freezer capacity, 1000 ton of cold storage capacity and processing capacity of 100 tons per day.

**Unsupported Rating**

Not Applicable

## **Analytical Approach**

Acuité has taken the standalone view of the business and financial risk profile of Tolar Ocean products private limited (TOPPL) to arrive at the rating.

## **Key Rating Drivers**

## Strengths

### Experienced management and established presence in the sea food industry

TOPPL has an operational track record of over two decades in seafood processing. It is promoted by Dr. Prakash Tolar who possess over two decades of experience in the sea food industry. He is supported by its team of experienced professionals in managing day to day operations of TOPPL. The extensive experience of the promoter has enabled TOPPL to establish a healthy relationship with its customers and suppliers. Acuite believes that TOPPL will continue to benefit from its experienced management and established track record of operations.

### Moderation in revenues while maintaining profitability margins

TOPPL reported moderation in its revenue at Rs. 78.86 Cr. in FY2024 from Rs. 91.16 Cr. in FY2023 on account of decrease in the sale of its frozen fish in both domestic and exports market during the year. For the current year as on FY2025 (estimated), company has achieved revenue of Rs.99.18 Cr. with operating margin of 3.40 percent. The increase in the revenue is due to increase in demand and expansion to new locations for the business. The exports sales contributed to the range of 40 - 60 percent in FY2024 and FY2025. The major export countries are Vietnam, Thailand, Bangkok, China, Malaysia etc. The operating margin of the company has remained at similar lines at 3.98 percent in FY2024 as against 3.30 percent in FY2023. This is majorly on account of better absorption of administrative and selling & distribution expenses. The net profit margin of the company remained subdued at 0.62 percent in FY2024 as against 0.70 percent in FY2023 on account of marginally increased interest cost during the year. Acuite, believes the operating performance of the company would improve steadily owing to ongoing capex for value added products.

### Comfortable financial risk profile

Financial risk profile of TOPPL is comfortable marked by low net worth, moderate gearing and debt protection metrics. The net worth of the company stood improved at Rs. 9.71 Cr. as on 31 March, 2024 as against Rs. 9.22 Cr. as on 31 March, 2023 on account of moderate accretion to reserves. The gearing (debt-equity) stood at 1.74 times as on 31 March 2024 as against 1.61 times as on 31 March 2023 on account of increase in short term bank borrowings during the same period. The total debt of Rs.16.91 Cr. consists of Rs. 2.19 Cr. of long term debt, Rs. 13.62 Cr. of short term debt, Rs.0.07 Cr. and Rs.1.03 Cr. of current maturities of long term debt. The TOL/TNW stood at 2.25 times as on 31 March 2024 as against 2.26 times as on 31 March 2023. The interest coverage ratio (ICR) and Debt service coverage ratio (DSCR) stood at 1.90 times and 1.00 times for FY2024 as against 2.02 times and 0.94 times for FY2023 respectively. The Net Cash Accruals to Total debt stood at of 0.07 times for FY2024.

The company has undertaken capex for the total cost of Rs.13.00 Cr. for the machines and expansion of the cold storage capacity, it is expected to complete by December 2025. The capex will be funded through term loan of Rs. 9.40 Cr. and the rest through own funds. The capex would enable the company to process high-value-added products, leading to higher operating margins. Acuite believes that the, notwithstanding the benefits of capex, financial risk profile of the company would moderate to an extent owing to debt funded capex for the medium term.

## Weaknesses

### Moderately intensive Working capital operations

The operations of TOPPL are moderately working capital intensive marked by its high Gross Current Assets (GCA) of 125 days for FY2024 as against 105 days for FY2023. This is due to inventory cycle of the company which stood moderately high at 117 days in FY2024 as against 101 days in FY2023 on account of increase in the amount of unsold inventory of finished goods lying with the company in the form of frozen fish to readily meet the demand of customers in both domestic and exports market without any significant delays. The receivable days stood at 11 days in FY2024 as against 6 days in FY2023 whereas the creditor days stood at 27 days in FY2024 and in FY2023. In FY2025, operations of the company estimated to remain working capital intensive due to high inventory cycle. The average working capital limit utilization stood high at ~95 percent for 06 months period ended April 2025.

### High competition and susceptibility to risks inherent in the sea food industry

TOPPL operates in a highly competitive industry with the presence of many organized as well as unorganized players in India. In addition to this, the company remains vulnerable to the inherent risks in the seafood industry. These include susceptibility to diseases, climate changes, and adverse changes in policies among others.

### Susceptibility of profitability to volatility in input prices and Forex Risk

TOPPL exports ~62 per cent of its products and hence it is susceptible to the fluctuations in foreign exchange fluctuation. The company hedges its risk through forward contracts to an extent of ~50 per cent of its exposure. The raw material prices are also highly volatile depending on its availability, and the company is not able to pass on the price rise in entirety to its customers due to heavy competition. This keeps the margins exposed to market

conditions.

### **Rating Sensitivities**

- Sustain improvement in revenues while improving profitability
- Deterioration in financial risk profile owing to higher-than-expected debt funded capex
- Working capital management

### **Liquidity Position Stretched**

TOPPL has stretched liquidity position marked by low cushion in net cash accruals (NCA) against its debt repayment obligations and elongated working capital cycle. The company generated cash accruals of around Rs.1.25 Cr. in FY2024 as against its repayment obligation of Rs.1.25 Cr. during the same period. Going forward the NCA are expected to improve and will be in the range of Rs.1.6 Cr. to Rs.2.8 Cr. for period FY2025-FY2028 against its repayment obligation of Rs.1.00 -1.20 Cr. for the same period. The average working capital limit utilization stood high at ~95 percent for 06 months period ended April 2025. Current ratio stands at 1.35 times as on 31 March 2024. The company has maintained low cash & bank balance of Rs.0.07 Cr. in FY2024.

Acuite believes that the liquidity position of the company will improve over the medium term.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	78.86	91.16
PAT	Rs. Cr.	0.49	0.64
PAT Margin	(%)	0.62	0.70
Total Debt/Tangible Net Worth	Times	1.74	1.61
PBDIT/Interest	Times	1.90	2.02

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**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, Acuité 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Mar 2024	PC/PCFC	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	2.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.11	ACUITE BB-   Stable (Assigned)
	Term Loan	Long Term	0.39	ACUITE BB-   Stable (Assigned)
	Term Loan	Long Term	0.30	ACUITE BB-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.35	ACUITE BB-   Stable (Assigned)
	Term Loan	Long Term	10.85	ACUITE BB-   Stable (Assigned)
07 Feb 2023	PC/PCFC	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BB-   Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
24 Feb 2022	PC/PCFC	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.40	Simple	ACUITE BB-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.60	Simple	ACUITE BB-   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A4+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	05 Feb 2024	Not avl. / Not appl.	05 Jan 2029	0.06	Simple	ACUITE BB-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	29 Mar 2025	Not avl. / Not appl.	29 Dec 2034	9.40	Simple	ACUITE BB-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	04 Dec 2021	Not avl. / Not appl.	28 Nov 2026	1.14	Simple	ACUITE BB-   Stable   Reaffirmed

## Contacts

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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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