

## Press Release

**B T Fisheries (BT)**

27 December, 2017



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 8.50 Cr.
<b>Long Term Rating</b>	SMERA B/Stable (Assigned)
<b>Short Term Rating</b>	SMERA A4 (Assigned)

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** on the Rs. 8.50 crore bank facilities of B T Fisheries (BT). The outlook is '**Stable**'.

BT Fisheries is a Madhya Pradesh-based partnership firm, established in 2016 by Mr. Ishwaraj Singh Bhatia and M/s Simran Fisheries Private Limited as partners. The firm is engaged in fish farming and trading of fishes. It has signed a lease agreement of five years with Madhya Pradesh Fisheries Federation for fishing from the reservoir of Bansagar dam, Katni – Madhya Pradesh. The major fishes are Catla, Rohu and Mrigal.

### Key rating drivers

#### Strengths

**Experienced management:** While Mr. Ishwaraj Singh Bhatia, Partner has limited experience in fish farming, he possesses vast entrepreneurial experience in businesses such as cattle feed, poultry, among others.

BTF is part of the Simran Group that constitutes Simran Farms Limited, Simran Foods Private Limited, Simran Feeds Private Limited, Simran Hatcheries Private Limited to name a few. SMERA believes that the extensive entrepreneurial experience of the promoter group is likely to support BTF in the medium term.

#### Weaknesses

**Limited track record and small scale of operations:** The firm has limited track record of 1.5 years in fish farming. The revenues of the firm stand modest at Rs.10.87 crore in FY2017 (Provisional).

**Below average financial risk profile:** The firm has low networth base of Rs.1.90 crore as on 31 March, 2017 (Provisional). The gearing stood high at 3.35 times as on 31 March, 2017 (Provisional). The total debt includes long term loan of Rs.5.96 crore and short term loan of Rs.0.40 crore. The Interest Coverage Ratio stood low at 1.48 times in FY2017 (Provisional).

**Working capital intensive operations:** The Gross Current Asset (GCA) days stood at 147 in FY2017 (Provisional) mainly on account of high advances extended to fishermen for purchase of net, other accessories and security deposits to MP Fisheries Federation.

SMERA believes that the efficient working capital management will be crucial to the firm in maintaining a stable credit profile.

### About the Rated Entity – Key Financials

	Unit	FY17 (Provisional)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	10.87	0.05	0
EBITDA	Rs. Cr.	1.21	0	0
PAT	Rs. Cr.	0.27	0	0
EBITDA Margin	(%)	11.14	8.28	0
PAT Margin	(%)	2.47	8.24	0
ROCE (%)	(%)	26.35	89.94	0
Total Debt/Tangible Net Worth	Times	3.35	0	0
PBDIT/Interest	Times	1.51	204.51	0
Total Debt/PBDIT	Times	5.14	0	0
Gross Current Assets (Days)	Days	147	67	0

**Any other information:** Not Applicable

### Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of BTF to arrive at the rating.

### Outlook- Stable

SMERA believes that BTF will maintain a Stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the firm exhibits significant improvement in its scale of operations and profitability, backed by a favorable capital structure. Conversely, the outlook may be revised to 'Negative' if BTF reports lower-than-expected cash accruals or undertakes any larger-than-expected debt-funded capital expenditure, deteriorating its financial risk profile and increase in advances to group companies.

### Note on complexity levels of the rated instrument

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

**Status of non-cooperation with previous CRA (if applicable):** None

**Rating History (Upto last three years):** Not Applicable

#### Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Overdraft	NA	NA	NA	0.80	SMERA B/Stable Assigned
Term Loan	NA	NA	March 31, 2021	4.34	SMERA B/Stable Assigned
Bank Guarantee	NA	NA	NA	3.36	SMERA A4 Assigned

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#### ABOUT SMERA

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