

Press Release

Akash Fishmeal And Fishoil Private Limited

June 21, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 29.50 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-**' (read as **ACUITE BB minus**) on the Rs. 29.50 crore bank facilities of Akash Fishmeal And Fishoil Private Limited. The outlook is '**Stable**'.

The Sindhudurg-based, Akash Fishmeal and Fishoil Private Limited was incorporated in 2015. The company is engaged in the manufacturing of fishmeal and fish oil. The company has a manufacturing capacity of 400 metric tons per day. The operations of the company are handled by Mr. Mohamed Quresh, Mr. Mohamed Suhel, Mr. Fairoz Thota, Mr. Sayed Abbasaib Thota, Mr. Haneef Thota and Mr. Shyam Chandrakant Sarang.

Key Rating Drivers

Strengths

• Experienced management

The promoters have more than two decades of experience in the seafood industry. The promoters of the company also own two other companies VIZ. Goan Fresh Marine Exports Private Limited and Ocean Pearl Fisheries which are engaged in the business of processing and cutting marine products. Their extensive experience has helped develop long term relations with customers and suppliers.

• Average financial risk profile

The financial risk profile is average marked by modest net worth of Rs.13.17 crore as on 31 March, 2017. The gearing (debt-to-equity ratio) stood at 1.58 times in FY2017 compared to 1.20 times in FY2016. The total debt of Rs.20.75 crore consists of working capital borrowings of Rs.7.84 crore, term loan of Rs.10.22 crore and unsecured borrowing of Rs.0.19 crore and current maturities of long term debt Rs.2.50 crore as on 31 March, 2017. The Interest Coverage Ratio (ICR) is comfortable at 3.50 times and Debt Service Coverage Ratio (DSCR) is moderate at 2.07 times in FY2017 as against 0.91 times in FY2016.

Weaknesses

• Nascent stage of operations

AFFPL commenced commercial operations from FY2017. The company registered revenue of Rs.44.13 crore in FY2017. The revenue from April 2017 to March 2018 stood at ~Rs 64.87 crore.

• Vulnerability to risks and highly fragmented industry

The company is exposed to risks inherent in the sea food industry such as vulnerability to diseases, climatic changes apart from changes in government policies. AFFPL operates in a highly competitive and fragmented industry characterised by large number of unorganised players affecting margins.

Analytical Approach

For arriving at this rating, Acuite has considered the standalone business and financial risk profile of AFFPL.

Outlook: Stable

Acuite believes that AFFPL will maintain a 'Stable' business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained

improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	44.13	0.00	0.00
EBITDA	Rs. Cr.	8.52	-0.17	0.00
PAT	Rs. Cr.	0.76	-0.14	0.00
EBITDA Margin	(%)	19.30	0.00	0.00
PAT Margin	(%)	1.72	0.00	0.00
ROCE	(%)	9.55	-1.06	0.00
Total Debt/Tangible Net Worth	Times	1.58	1.20	0.00
PBDIT/Interest	Times	3.50	-0.09	0.00
Total Debt/PBDIT	Times	2.39	-108.15	0.00
Gross Current Assets (Days)	Days	221	0	0

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

CARE, vide its press release dated March 21, 2018 had denoted the rating of AFFP Limited as 'CARE B Plus ; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings. The earlier rating, however, stood at 'CARE BB Minus/Stable/A Four' vide its press release dated April 28, 2017.

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	14.50	ACUITE BB- / Stable

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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