



**Press Release**  
**AKASH FISHMEAL AND FISHOIL PRIVATE LIMITED**  
**November 30, 2023**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	29.50	ACUITE BB-   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	29.50	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) from '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 29.50 Cr bank facilities of Akash Fishmeal and Fishoil Private Limited (AFPL). The outlook is '**Stable**'.

**Rationale for upgrade**

The rating upgrade takes into account the improvement in the operating and financial performance of AFPL marked by improvement in operating income, profitability and financial risk profile. The revenue of the company stood at Rs.116.52 Cr as on FY2023 and Rs. 80.84 Cr in FY2022. The EBITDA margin of the company stood at 17.69 percent in FY2023 against 6.61 percent in FY2022. The primary cause of the margin improvement in FY2022-23 is the company's increased product exports, which is reflected in both revenue and margins. The rating continues to derive comfort from long track record of operation and experience of the management.

The above strengths are constrained by working capital intensive nature of operations and presence in highly fragmented industry and susceptibility of margins to fluctuating raw material prices.

**About the Company**

Incorporated in the year 2015, AFPL is a Sindhudurg, Maharashtra based company. The company is engaged in the manufacturing of fishmeal and fish oil. The installed capacity is 550 MT per day. The operations of the company are handled by Mr. Nadukandi Purayil Aziz, Mr. Thota Mohammed Suhel, Mr. Fairuz Thota, Mr. Thota Jaaved, Mr. Thota Junaid Majeed, Mr. Haneef Abbasaheb Thota, Mr. Mohammed Fahim, Mr. Riyaz Ahmed, Mr. Shyam Chandrakant Sarang, Mr. Mohammed Quresh, Mr. Thota Rafeeq, Mr. Thota Abbasaheb Abeed, Mr. Sayed Abbasaib Thota and Mr. Mohammed Fayaz Hamid.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of AFPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

Long track record of operation and experience of the management:

Experienced management AFPL was incorporated in the year 2015. The promoters of the company have more than two decades of experience in the seafood industry. The promoters of the company also have two other companies, namely, Goan Fresh Marine Exports Private

Limited and Ocean Pearl Fisheries, which are engaged in the business of processing and cutting marine products. The extensive experience of the promoters has helped the company to maintain a healthy relationship with its customers and suppliers. Acuité believes that the company will benefit from the extensive experience of the promoters and long association with its customer and suppliers.

### **Improved operating performance:**

The revenue of the company stood at Rs.116.52 Cr as on FY2023 and Rs. 80.84 Cr in FY2022. The EBITDA margin of the company stood at 17.69 percent in FY2023 against 6.61 percent in FY2022. The primary cause of the margin improvement in FY2022–23 is the company's increased product exports, which is reflected in both revenue and margins. Higher handled volumes and a consistent flow of income from both new and returning customers were the main drivers of the expansion. The company has already attained revenues of ~Rs. 150.00 Cr for the month ended November 2023 for FY2024. Moreover, the PAT margin stood at 10.56% for FY2023 as compared to 0.54% for FY2022. Acuité believes that the profitability margin will remain at similar but healthy levels over the medium term.

### **Improved financial risk profile**

The financial risk profile of AFPL recorded significant improvement in FY2023, primarily driven by improved operating performance of the company during the period. The tangible net-worth improved to Rs.15.78 Cr as on March 31, 2023 as against Rs.3.48 Cr as on March 31, 2022. The total debt stood at Rs.37.02 Cr as on March 31, 2023 which includes Rs.5.97 Cr of long term debt, Rs. 30.99 Cr of short-term debt and Rs. 0.24 Cr of CPLTD. The overall gearing though remains moderately high, however recorded significant improvement as it stood 2.35 times as on March 31, 2023 as against 7.17 times as on March 31, 2022. The interest coverage ratio stood at 8.00 times for FY2023 as against 2.16 times for FY2022. The DSCR stood at 6.39 times for FY2023 as against 2.16 times for FY2022. The Debt – EBITDA stood at 1.74 times for FY2023 as against 4.61 for FY2022. Acuité believes in view of the improving operating performance of the company and no significant debt funded capex plan, the financial risk profile of the company is expected to improve further over the medium term.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital management of the company remained intensive marked by high Gross Current Assets (GCA) of 154 days for FY2023 as compared to 93 days as on FY2022. The debtor period stood at 18 days for FY2023. Further, the inventory holding stood at 181 days for FY2023 as against 13 days for FY2022. The payment cycle varies from 15-30 days. The working capital cycle of the Company is expected to remain at similar levels over the medium term.

#### **Highly fragmented industry and susceptibility of margins to fluctuating raw material prices:**

The margins are highly susceptible to fluctuating raw material prices since, raw material accounts for 78-80 percent of the aggregate revenue. Further, the availability of raw material is seasonal in nature and the prices vary in tandem with the catch in each market. In addition, fishmeal industry is highly fragmented; the company faces competition from organised and unorganised players thereby limiting its pricing flexibility and bargaining power with customers.

### **Rating Sensitivities**

- Sustainable improvement in revenue and profit margins and capital structure
- Elongation of working capital cycle

### **All Covenants**

None

### **Liquidity Position Adequate**

The company has an adequate liquidity profile as reflected from its net cash accruals against repayment obligations. The company generated net cash accruals of Rs. 14.30 Cr in FY2023 and is estimated to generate net cash accruals of Rs.14.30 Cr over the medium term against repayment obligations of Rs.0.24 Cr. The iGCA days stood at 154 days in FY2023 due to high debtor and inventory days. The bank limit utilisation of the company stood at 53.04%. Current ratio stood modest at 1.18 times in FY2023.

**Outlook: Stable**

Acuité believes that AFPL will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company demonstrates substantial and sustained growth in its revenues from the current levels along with improving its margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues and profitability or deterioration in its working capital management leading to deterioration in its financial risk profile and liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	116.52	80.84
PAT	Rs. Cr.	12.31	0.44
PAT Margin	(%)	10.56	0.54
Total Debt/Tangible Net Worth	Times	2.35	7.17
PBDIT/Interest	Times	8.00	2.16

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

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, Acuite 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
19 Oct 2022	Proposed Bank Facility	Long Term	9.50	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
	Cash Credit	Long Term	20.00	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
05 Jan 2022	Cash Credit	Long Term	20.00	ACUITE B   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	9.50	ACUITE B   Stable (Reaffirmed)
09 Oct 2020	Cash Credit	Long Term	20.00	ACUITE B   Stable (Downgraded from ACUITE BB-   Stable)
	Term Loan	Long Term	4.26	ACUITE B   Stable (Downgraded from ACUITE BB-   Stable)
	Proposed Bank Facility	Long Term	5.24	ACUITE B   Stable (Downgraded from ACUITE BB-   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE BB-   Stable   Upgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	9.50	ACUITE BB-   Stable   Upgraded

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### About Acuité Ratings & Research

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