



**Press Release**  
**Akash Fishmeal And Fishoil Private Limited**  
**August 19, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.50	ACUITE BB-   Stable   Assigned	-
Bank Loan Ratings	29.50	ACUITE BB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	45.00	-	-

**Rating Rationale**

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

Acuite has assigned the long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs. 15.50 Cr. bank facilities of Akash Fishmeal and Fishoil Private Limited (AFPL). The outlook is '**Stable**'.

**Rationale for Rating**

The rating reaffirmed reflects the stable business risk profile as reflected from the growth in revenues of the company which stood at Rs.222.22 Cr. as on FY2024(Prov.) and Rs. 116.52 Cr. in FY2023. However, the EBITDA margin of the company declined to 10.87 percent in FY2024(Prov.) against 17.69 percent in FY2023. The cause of the declining margin in FY2024 is that production had halted in June and July 2023 due to a government rule prohibiting fishing during these two months. Additionally, because the company is largely into exports, there were expenses associated with the increased cost of fish, which the company was unable to pass on to the customers.

The financial risk profile of the company remained average marked by improving net worth, moderate gearing and healthy debt protection metrics. However, these strengths are offset

by highly fragmented nature of 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. Thota Mohammed Suhel, Mr. Fairoz Thota, Mr. Thota Jaaved, and others.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

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

### **Key Rating Drivers**

### **Strengths**

## 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.

## Increasing Revenue albeit declining Profitability

The revenue of the company stood at Rs.222.22 Cr. as on FY2024(Prov.) and Rs. 116.52 Cr. in FY2023. The EBITDA margin of the company stood at 10.87 percent in FY2024(Prov.) against 17.69 percent in FY2023.

However, the EBITDA margin of the company declined to 10.87 percent in FY2024(Prov.) against 17.69 percent in FY2023. The cause of the declining margin in FY2024 is that production had halted in June and July 2023 due to a government rule prohibiting fishing during these two months. Additionally, because the company is largely into exports, there were expenses associated with the increased cost of fish, which the company was unable to pass on to the customers.

Moreover, the PAT margin stood at 6.44% for FY2024(Prov.) as compared to 10.56% for FY2023. Acuité believes that the profitability margin will remain at similar levels over the medium term.

## Average financial risk profile

The financial risk profile of the company remained average marked by improving net worth, moderate gearing and robust debt protection metrics. The net worth of Rs.30.09 Cr. as on FY2024(Prov.) as against Rs.15.78 Cr. as on FY2023 due to accretion to reserves.. The gearing (debt-equity) stood at 1.27 times as on FY2024(Prov.) as against 2.35 times as on FY2023. The total debt of Rs.38.31 Cr. as on FY2024(Prov.) consists of long-term of Rs.8.17 Cr. and short term of Rs.29.89 Cr. of bank borrowings. The interest coverage ratio stood at 7.65 times for FY2024(Prov.) as against 8.00 times for FY2023. The DSCR stood at 5.98 times for FY2024(Prov.) as compared to 6.39 times for FY2023. The Net Cash Accruals to Total debt stood at 0.43 times for FY2024(Prov.) as against 0.39 times for FY2023. The Total outside liabilities to Tangible net worth stood high at 1.69 times for FY2024(Prov.) as against 3.66 times in FY2023. Acuite believes that the financial risk profile of the Company is expected to improve slightly at the back of improving capital structure and healthy debt protection metrics.

## Weaknesses

### 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
- Elongation of working capital cycle
- Any debt funded capex plan

## Liquidity Position Adequate

The company has an adequate liquidity profile as reflected from the Net Cash Accruals which stood at Rs. Rs.16.38 Cr. for FY2024(Prov.) as against negligible debt obligations Its working capital cycle remained moderate with Gross Current Asset days of 94 days in FY2024(Prov.) due to low debtor and moderate inventory requirements. The bank limit utilisation of the

company stood at 68% for 6 months ended till June 2024. Current ratio stood moderate at 1.35 times in FY2024(Prov.). Acuité believes liquidity profile will continue to remain adequate in the medium term due to high working capital requirement.

**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 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	222.22	116.52
PAT	Rs. Cr.	14.31	12.31
PAT Margin	(%)	6.44	10.56
Total Debt/Tangible Net Worth	Times	1.27	2.35
PBDIT/Interest	Times	7.65	8.00

### 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
30 Nov 2023	Cash Credit	Long Term	20.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Proposed Long Term Bank Facility	Long Term	9.50	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
19 Oct 2022	Cash Credit	Long Term	20.00	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
	Proposed Long Term Bank Facility	Long Term	9.50	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
05 Jan 2022	Proposed Long Term Bank Facility	Long Term	9.50	ACUITE B   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE B   Stable (Reaffirmed)

## 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 avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BB-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	31 Dec 2021	Not avl. / Not appl.	01 Nov 2026	Simple	0.44	ACUITE BB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	10 Nov 2020	Not avl. / Not appl.	01 Nov 2024	Simple	1.78	ACUITE BB-   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.50	ACUITE BB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.93	ACUITE BB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	08 Sep 2022	Not avl. / Not appl.	01 Dec 2029	Simple	1.35	ACUITE BB-   Stable   Assigned

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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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