



**Press Release**  
**Malpefresh Marine Export Private Limited**  
**October 26, 2022**  
**Rating Reaffirmed & Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BB+   Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	30.00	-	-

**Rating Rationale**

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to the Rs.30.00 Cr bank facilities of Malpefresh Marine Export Private Limited (MMPL).

The rating has been withdrawn on Acuite's policy of withdrawal of ratings.

The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

**Rationale for the rating**

The rating reaffirmation takes into account the steady business risk profile of the company. MMPL factors in the long experience of the promoters in the seafood industry, the rating also continues to draw comfort from the company's geographically diversified clientele, with the growing demand for Indian seafood in the overseas markets, especially Europe. The average financial risk profile characterized by low albeit improving net worth. However, these strengths are offset by the declining profitability margins, working capital intensive management and intense competition in the Sea- food industry.

The team has received the withdrawal request from the client because the client does not want to continue the further rating. A No Objection Certificate (NOC) for the same has been received from lender Canara Bank.

**About the Company**

Udupi (Karnataka) based, MMPL was incorporated in 2014 and commenced its operations in August, 2017. The company is engaged in procurement, processing, freezing and final packing, storing, exporting of fish and fishery products. The company is promoted by Mr. Moulana Ibrahim, Mr. Sidga Mohammed Ibrahim, Mr. Antonio Luis Felix Rodrigues, Mr. Suresh P. Shetty, Mr. Sathish Shetty and Mr. Krishna Prasad. MMPL has a processing plant in Udupi with an installed capacity of 83 MT per day.

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of MMPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Extensive experience of promoter in seafood industry**

The promoters, Mr. Moulana Ibrahim, Mr. Sidga Mohammed Ibrahim, Mr. Antonio Luis Felix

Rodrigues, Mr. Suresh P. Shetty, Mr. Sathish Shetty and Mr. Krishna Prasad, have over two decades of experience in the seafood industry. The extensive experience has enabled the company to forge MMPL to build a strong base of customers, ensuring repeat orders. MMPL's processing facilities are located in proximity to the major aquaculture belt of Udipi (Karnataka), ensuring continuous availability of raw materials at low transportation costs. MMPL's major exports to Southeast Asian countries like China, Myanmar, Philippines, Vietnam, Malaysia, Thailand, etc., Middle East countries like Dubai and countries in the European Union such as Spain, Italy, Portugal, etc. Acuité believes that the promoters experience and healthy relationship with customers and suppliers, coupled with healthy demand for fish is expected to support its business risk profile over the medium term.

### **Moderate scale of operations**

The business risk profile is marked by moderate scale of operations. Revenues in FY2022 (prov) improved to Rs. 117.62 Cr. compared to Rs. 62.01 Cr. in FY2021. However, the profitability margins both at the operating and net level declined due to increase in price of raw materials owing to decrease in availability of raw shrimps. The freight costs have also skyrocketed more than 300 percent along with unavailability of the containers. Therefore, EBITDA margin declined significantly to 0.88 per cent in FY22 (prov) from 4.99 per cent in FY21. PAT margin also remained thin at 0.64 per cent. However, the RoCE stood at 6.89 per cent in FY22 (prov) as compared to 5.53 per cent in FY21.

### **Weaknesses**

#### **Average financial risk profile**

MMPL's financial risk profile is average marked by a modest net worth, moderate debt protection metrics and high gearing. The tangible net worth increased to Rs. 12.43 Cr as on March, 2022 (prov) from Rs. 11.68 Cr as on March 2021. Gearing of the firm stood high at 2.22 on March, 2022 (prov) as compared to 2.34 as on March 2021. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) also stood high at 3.28 times as on 31st March, 2022 (prov) as against 2.76 times as on March, 2021. The moderate debt protection metrics of the firm is marked by Interest Coverage Ratio (ICR) at 2.13 times as on March 2022 (prov) and Debt Service Coverage Ratio at 1.17 times as on March 2022 (prov). Net Cash Accruals/Total Debt (NCA/TD) stood at 0.07 times as on March, 2022 (prov). Acuité believes that financial risk profile is expected to be moderate over the medium term with no major debt funded capex plans.

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

The working capital-intensive nature of operations of the firm is marked by improving Gross Current Asset days (GCA) of 127 days as on March 2022 (prov) as against 181 days as on March 2021. The inventory period improved to 54 days as on March 2022 (prov) as against 130 days as on 2021. However, the debtor days stood moderate at 49 days as on March, 2022 against 38 days in the previous year. Acuité believes that the operations of MMPL will remain moderately working capital intensive given the nature of the aquaculture industry.

### **Rating Sensitivities**

None

### **Material covenants**

None

### **Liquidity position: Adequate**

The firm's liquidity position is adequate marked by comfortable current ratio at 1.31 times as on March, 2022 (prov) as compared to 1.18 times as on March, 2021. The net cash accruals stood at Rs.1.89 Cr in FY2022 (prov) as against a CPLTD of Rs.1.35 Cr. The cash and bank balances of the firm stood at Rs.1.97 Cr in FY2022 (prov) as compared to Rs. 0.04 Cr in FY2021. The working capitalintensive nature of operations of the firm is marked by Gross Current Assets (GCA) of 127 days as on March 2022 (prov) as against 181 days as on March, 2021. Acuité believes that going forward the firm will maintain adequate liquidity position due to steady

accruals.

**Outlook**

Not applicable

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	117.62	62.01
PAT	Rs. Cr.	0.75	0.26
PAT Margin	(%)	0.64	0.42
Total Debt/Tangible Net Worth	Times	2.22	2.34
PBDIT/Interest	Times	2.13	2.12

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

None

### 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

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Feb 2022	Working Capital Term Loan	Long Term	4.20	ACUITE BB+   Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.80	ACUITE BB+   Stable (Reaffirmed)
	Packing Credit	Long Term	24.00	ACUITE BB+   Stable (Reaffirmed)
03 Dec 2020	Proposed Bank Facility	Long Term	3.80	ACUITE BB+   Stable (Assigned)
	Packing Credit	Long Term	7.00	ACUITE BB+   Stable (Upgraded from ACUITE BB   Stable)
	Working Capital Demand Loan	Long Term	2.00	ACUITE BB+   Stable (Assigned)
	Letter of Credit	Long Term	13.00	ACUITE BB+   Stable (Upgraded from ACUITE BB   Stable)
	Term Loan	Long Term	10.00	ACUITE BB+ (Withdrawn)
	Working Capital Demand Loan	Long Term	4.20	ACUITE BB+   Stable (Assigned)
06 Sep 2019	Term Loan	Long Term	10.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Bills Discounting	Long Term	20.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
30 Aug 2018	Term Loan	Long Term	10.00	ACUITE BB-   Stable (Assigned)
	Bills Discounting	Long Term	9.00	ACUITE BB-   Stable (Assigned)
	Proposed Bills Discounting	Long Term	11.00	ACUITE BB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE BB+   Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Jun 10 2020 12:00AM	7.65	Jul 31 2022 12:00AM	1.80	ACUITE BB+   Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Working Capital Term Loan	Jul 4 2020 12:00AM	7.50	Jul 31 2024 12:00AM	4.20	ACUITE BB+   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

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