



**Press Release**  
**Malpefresh Marine Export Private Limited**  
**November 29, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE BBB-   Stable   Upgraded	-
Bank Loan Ratings	24.00	-	ACUITE A3   Upgraded
Total Outstanding Quantum (Rs. Cr)	26.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to 'ACUITE BBB-' (read as ACUITE triple B minus) from 'ACUITE BB+' (read as ACUITE double B plus) and the short-term rating to 'ACUITE A3' (read as ACUITE A three) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs.26.00 crore bank facilities of Malpefresh Marine Export Private Limited (MMEPL). The outlook remains 'Stable'.

**Rationale for Upgrade**

MMEPL has demonstrated healthy growth in revenue and profitability, with revenue rising to Rs. 164.60 crore in FY2024 from Rs. 148.99 crore in FY2023, driven by increased exports of frozen fish and higher catches. The company's EBITDA and PAT margins have also improved significantly. Additionally, MMEPL has expanded its storage capacity with new freezers, enhancing its seafood processing capabilities. The financial risk profile is moderate, with a reduced debt-equity ratio and improved interest coverage and net cash accrual to total debt ratios. The company manages its working capital efficiently, maintaining gross current asset days at 82 and utilizing working capital limits effectively. Liquidity remains adequate, supported by sufficient cash accruals, no debt obligations, and a current ratio of 1.19 times.

**About the Company**

Udupi(Karnataka)-based, MMEPL 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.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

## **Strengths**

### **Extensive experience of promoters in seafood industry**

Malpefresh Marine Export Private Limited (MMEPL) was incorporated in 2014 by Mr. Moulana Ibrahim, Mr. Prabhakarshetty Sureshshetty, Mr. Satish Prabhakarshetty Shetty, Mr. Krishna Prasad, Mr. Sidga Mohammed Ibrahim and Mr. Antonio Luisfelix Rodrigues. The promoters have experience of more than two decades in

seafood industry, which has helped them in maintaining healthy relationship with suppliers in Udupi region, Karnataka. The major product line of MMEPL includes squid, cuttle fish, mackerel, ribbon and octopus. MMEPL procures its products from Udupi region, process them and sell to its customers. It primarily caters to export markets (~90% in revenues in FY24) in Southeast Asia and Middle East Asia, with some domestic customer base as well.

### **Healthy growth in revenue and profitability**

MMEPL has witnessed steady growth in its turnover to Rs.164.60 Cr. in FY2024 up from Rs.148.99 Cr. in FY2023, better than projection. The major reason for a steady and increasing revenue trend is due to increase in exports of frozen fish- extra 20 tons/day production for FY2024. The company has dedicated 260 containers and have exported ~2500kgs/container totalling ~65lakh kgs of export;along with higher number of catches during fishing season – majorly in the months of August to November .Margins of the company have been increasing consistently due to better cost realisation and increase in revenue with lower expenses (as a percentage of revenues). The EBITDA margins have increased to 6.46% in FY2024 as compared to 4.58% in FY2023. The PAT margins have increased to 4.21% in FY2024 from 1.77% in FY2023. Variation in prices of fishes is very minimal as they have strong and long-lasting relationships with customers which enables them to buy in bulk and pass on minimum variation via prices on to customers.

### **Moderate financial risk profile**

MMEPL's financial risk profile is marked by moderate capital structure and debt coverage indicators. MMEPL's net worth stood Rs. 21.78 Cr. as on FY2024 as against Rs. 14.85 Cr. as on FY2023. Debt-equity ratio stood at 0.89 times as on FY2024 as against 1.42 times as on FY2023 due to prepayments of GECL loans and no new loans availed during the period. Total outside liability/tangible net worth (TOL/TNW) stood at 1.52 times as on FY2024 as against 2.37 times as on FY2023. Interest coverage ratio stood comfortable at 6.50 times as on FY2024 and 4.56 times as on FY2023. The net cash accrual (NCA) to total debt (TD) is 0.41 times as on FY2024 and 0.17 times as on FY2023. DSCR stood at 3.30 times as on FY2024 as against 1.79 times as on FY2023.

### **Efficient working capital management**

MMEPL has an efficient working capital cycle as reflected by its gross current asset (GCA) days of 82 days in FY2024 as against 93 days in FY2023. The debtor days generally range between 30-60 days for international customers and 120-130 days for domestic customers. Different customers have different credit terms including Cash against document financing (CAD), Telegraphic transfers (TT), Documents against payment(DP). The inventory days of the company stood at 31 days in FY2024 as against 37 days in FY2023. The inventory days are high since there are specific months during which fishes are caught and then stored. Also, depending upon customer demand, inventory days tend to get stretched as MMEPL have a large variety of fish products which might not have demand from customers year long. Debtor days of the company stood at 36 days in FY2024 as against 47 days in FY2022. Creditor days of the company stood at 30 days in FY2024 and 34 days in FY2023. The utilization of working capital limits has been around 85% over the past seven months ended October 2024.

## **Weaknesses**

### **Regulatory risk and highly competitive industry**

The business is regulated by certain agencies such as - Export Inspection Council as well as The Marine Products Export Development Authority both of which come under the Ministry of Industry & Commerce, Government of India. The seafood market is characterized by uncertainty, which is more pronounced in supply side than from demand side. Seafood is a depleting commodity and increased severity of regulations on excessive fishing has rendered supply more irregular. Thus, the governments around the world regularly put-up new regulations regarding international trade of seafood. The seafood industry is exposed to intense competition as there are several small and large players. The players also face intense competition from Indian exporters impacting the realizations.

### **Exposure to volatile raw material prices and forex risk**

MMEPL substantially exports its products and hence it is susceptible to the fluctuations in foreign exchange fluctuation. The raw material prices are also highly volatile depending on its availability, and the company is not able to pass on the price rise in entirety to its customers due to heavy competition from peer players. This keeps the margins exposed and volatile. The company hedges its position by using Forward contracts availed from banks.

## **Rating Sensitivities**

1. Working capital cycle
2. Movement in scale of operations while maintaining profitability
2. Debt funded capex plans

## **Liquidity Position**

### **Adequate**

MMEPL's liquidity is adequate marked by comfortable cash accruals to its debt obligations. The company reported cash accruals of Rs. 7.99 crore in FY2024. The current ratio stands at 1.19 times for FY2024. Additionally, MMEPL has maintained a cash and bank balance of Rs. 0.23 crore for FY2024. The company has managed its working capital efficiently, with gross current asset days of 82 in FY2024, down from 93 days in FY2023. This includes inventory days of 31 and debtor days of 36, reflecting effective management of inventory and receivables. The utilization of working capital limits has been around 85% over the past seven months ended October 2024. Furthermore, MMEPL has no significant debt obligations in the medium term which reduces the pressure on its liquidity position.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	164.60	148.99
PAT	Rs. Cr.	6.94	2.64
PAT Margin	(%)	4.21	1.77
Total Debt/Tangible Net Worth	Times	0.89	1.42
PBDIT/Interest	Times	6.50	4.56

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
15 Sep 2023	PC/PCFC	Short Term	24.00	ACUITE A4+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.60	ACUITE BB+   Stable (Assigned)
	Working Capital Term Loan	Long Term	1.40	ACUITE BB+   Stable (Assigned)
26 Oct 2022	PC/PCFC	Long Term	24.00	ACUITE BB+ (Reaffirmed & Withdrawn)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE BB+ (Reaffirmed & Withdrawn)
	Working Capital Term Loan	Long Term	4.20	ACUITE BB+ (Reaffirmed & Withdrawn)
21 Feb 2022	PC/PCFC	Long Term	24.00	ACUITE BB+   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE BB+   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	4.20	ACUITE BB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A3   Upgraded ( from ACUITE A4+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE BB+ )

## Contacts

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### About Acuité Ratings & Research

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