



Press Release
MEGAA MODA PRIVATE LIMITED
April 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	27.27	ACUITE BBB Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	80.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	107.27	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and the short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on Rs. 107.27 Cr. bank facilities of Megaa Moda Private Limited (MMPL). The outlook is revised from ‘**Stable**’ to ‘**Negative**’.

Rationale for rating

The revision in outlook is on account of stretch in the working capital operations in FY24 due to delay in receipts from debtors which has led to deterioration in the financial risk profile. However, the rating reaffirmation considers the long track record of operations of the company supported by experienced management, modest operating performance despite moderation in the shrimp industry in FY24 owing to the Red Sea crisis and international pricing pressures. Further, volatility in the sea food industry and exposure to forex risks shall remain key rating monitorable.

About the Company

Incorporated in 2009, Megaa Moda Private Limited (MMPL) is a Kolkata based company, engaged in processing, packaging and exporting of frozen shrimps and prawns. The company is recognized as a three-star export house under Ministry of Commerce and Industry, Govt. of India. Further, the company is registered with Marine Products Export Development Authority (MPEDA), Export Inspection Agency (EIA), British Retail Consortium (BRC), Food Safety Standard Authority of India (FSSAI), US-FDA and other authorities globally. The product portfolio of the company includes vannemei, black tiger prawn, freshwater scampi, pink shrimp, sea-caught shrimp, etc. The company has its facility located in West Bengal with an installed capacity of 6,000 MTPA for processing of sea food and 1,600 MT cold storage unit. The current directors of the company are Mr. Yogesh Gupta, Mr. Shankar Ramalingam, Mrs. Sonali Gupta, and Mr. Sajit Kumar.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MMPL to arrive at the rating.

Key Rating Drivers

Strengths

Long track record of operations and experienced management

Being in the industry for more than a decade, company has established a significant track of operations in the domestic and international markets. The products of the company are exported to various geographical locations like European countries, Middle East counties, North America, Africa and Asia Pacific. The company sells their products under its own brand 'Megaa' and 'Megaa Delight' which are exported globally and also available in retail/wholesale chains in the domestic market majorly in the north-eastern region of India. Further, the company's established relationships with the West Bengal farmers provides them with ease of raw material procurement. The management, including Mr. Yogesh Gupta and Mr. Shankar Ramalingam, of MMPL have an extensive experience of more than two decades in the trading and export in the shrimp industry.

Acuité believes that the long-standing experience of the management shall continue to benefit the company going forward, resulting in steady growth in the scale of operations.

Modest scale of operations and profitability

The ongoing Red Sea crisis and international pricing pressure from global competitors led to moderation in the FY24 revenue and profitability. While majority of the procurement is done from West Bengal, the pricing pressure also created procurement challenges from the local farmers and company had to source raw materials from other states. Therefore, while the volumes improved the lowering of realisations led to moderation in revenue at Rs. 237.15 Cr. in FY24 as compared to Rs. 242.73 Cr. in FY23. Further, the operating margins also moderated at 5.84 percent in FY24 as against 6.65 percent in FY23 owing to increased freight cost and rise in procurement cost of the raw material from states like Odissa and Andhra Pradesh. Furthermore, the company has achieved a revenue of Rs. 224.25 Cr. till February 28, 2025.

Acuité believes that improvement in the scale of operations and profitability margins will remain a key rating sensitivity.

Weaknesses

Intensive working capital operations

The working capital of operations is marked by high gross current assets (GCA) of 181 days in FY24 as compared to 126 days in FY23. This was majorly driven by debtor levels which stood increased at 65 days in FY24 as against 32 days in FY23 on account of increase in the delivery transit time due to Red Sea crisis leading to delay in receipts from the customers. Additionally, the inventory level also elevated at 109 days in FY24 as compared to 92 days in FY23. Further, the company has substantial dependence on its suppliers to support the working capital wherein the creditor levels stood at 24 days in FY24 as against 28 days in FY23. The company generally receives credit period of 15-20 days from the suppliers.

Acuité believes that any further stretch in the working capital operations shall be a key rating sensitivity.

Moderate financial risk profile

The company's financial risk profile is moderate marked by tangible net worth of Rs. 41.00 Cr. as on March 31, 2024 as against Rs. 37.59 Cr. as on March 31, 2023, owing to accretion of profits to reserves. The gearing (debt-equity) of the company stood increased at 2.36 times in FY24 as compared to 1.60 times in FY23 owing to the increased utilisation of working capital limits. Further, the debt protection metrics lowered but remain moderate with interest coverage ratio of 2.08 times in FY24 as compared to 2.58 times in FY23 and debt service coverage ratio of 1.43 times in FY24 as compared to 1.72 times in FY23.

Moreover, Acuité believes that the financial risk profile is expected to improve going forward on the back of steady cash accruals and absence of any significant debt funded capex.

Volatility in pricing and demand affecting operating performance

The shrimp processing and export industry is marked by uncertainty to the global pricing pressure, risks associated with regulatory alterations and shifts in demand patterns within client nations, including the imposition of anti-dumping duties by importing countries. Hence, the company's margins are susceptible to the volatility in the shrimp realisations which in turn are driven by global parameters. The risks of extreme climatic conditions and disease outbreaks are inherent in shrimp farming. Additionally, since major revenue stems from exports, the credit risk profile is vulnerable to fluctuations in foreign exchange rates. Further, being an export-oriented unit, MMPL's operating profitability is supported by the export incentives received from the Government of India (GoI). The performance of the company thus remains vulnerable to volatility in the price and availability of shrimp and any change in export or import regulations.

Any significant reduction in the demand and prices adversely impacting the operating margins and cash accruals of the group will remain a key monitorable.

Rating Sensitivities

- Elongation in working capital cycle
- Deterioration in the financial risk profile

- Improvement in operating income and profitability margins

Liquidity Position

Adequate

The company's liquidity is adequate marked by net cash accruals of Rs. 6.75 Cr. as on March 31, 2024 as against long term debt repayment of Rs. 2.60 Cr. over the same period. Going forward, the company is expected to generate sufficient net cash accruals in the range of Rs. 7.00-9.00 Cr. for FY25 & FY26 as against maturing debt obligations in the range of Rs. 3.80-4.20 Cr. The current ratio stood at 1.40 times as on March 31, 2024. Further, the average bank limit utilisation for the fund-based limits stood at ~88.01 percent and for the non-fund based limits the average utilisation stood at ~74.40 percent for the last six months ended December 31,2024.

Outlook: Negative

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	237.15	242.73
PAT	Rs. Cr.	3.38	5.53
PAT Margin	(%)	1.43	2.28
Total Debt/Tangible Net Worth	Times	2.36	1.60
PBDIT/Interest	Times	2.08	2.58

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Jan 2024	PC/PCFC	Short Term	30.00	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	20.00	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	14.00	ACUITE A3+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	6.00	ACUITE A3+ (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.31	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.96	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE BBB Stable (Assigned)
22 Nov 2022	Bank Guarantee (BLR)	Short Term	1.40	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	2.30	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	25.00	ACUITE A3+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	43.90	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	6.67	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	2.62	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	7.38	ACUITE BBB Stable (Assigned)
02 Nov 2022	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	1.20	ACUITE A3+ (Reaffirmed)
	PC/PCFC	Short Term	25.00	ACUITE A3+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	45.01	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	9.68	ACUITE BBB 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
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
ICICI Bank Ltd	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Reaffirmed
Axis Bank	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Reaffirmed
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A3+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.02	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
Exim Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2029	5.95	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2025	0.93	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2028	9.37	Simple	ACUITE BBB Negative Reaffirmed Stable to Negative

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Akshit Agrawal Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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