

Press Release

Mangala Sea Foods

February 23, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	30.00	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	35.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from **Acuite BBB (Read as ACUITE Triple B)** and short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from **Acuite A3+ (Read as ACUITE A Three Plus)** on the Rs.35.00Cr bank facilities of Mangala Sea Foods (MSF). The rating is now indicative, as the 'Issuer Not Cooperating', and based on best available information. The rating has been downgraded on account of information risk.

About the Company

Kochi based, MSF was established in 2009 by Mr.Ashok Bhat, Mr.Premchandra Bhat, Mr.Suresh Bhat and Mr. Sreenivasa Bhat. The firm is a part of the Mangala Group which is engaged in the seafood industry since a significant amount of time. The firm is engaged in the processing and export of sea food products i.e. shrimps and cuttle fish to US, Canada, Europe, Japan and China. The company procures the catch from the southern coastal districts of Kerala, Andhra Pradesh and Tamil Nadu.

About the Group

Mangala Group, promoted by Mr. Premchand Bhat, Mr. Sreenivasa Bhat, Mr. Ashok Bhat and Mr. Suresh Bhat. The group comprises of Mangala Sea Foods, engaged in processing and exporting of shrimps and cuttle fish, Mangala Marine Exim India Private Limited, engaged in the processing and export of sea food products i.e. shrimps, cuttle fish, squid, octopus, to name a few.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Therefore, this rating is being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook:

Not applicable

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	361.29	364.74
PAT	Rs. Cr.	6.63	4.46
PAT Margin	(%)	1.84	1.22
Total Debt/Tangible Net Worth	Times	1.41	1.39
PBDIT/Interest	Times	2.46	2.01

Status of non-cooperation with previous CRA

None

Any other information

Acuite is yet to receive the latest No Default Statement from the entity despite repeated requests and followups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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
01 Dec 2021	Packing Credit	Short Term	15.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Working Capital Demand Loan	Long Term	5.00	ACUITE BBB- Stable (Upgraded from ACUITE BBB- Stable)
	Bills Discounting	Short Term	12.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
24 Jul 2020	Bank Guarantee	Short Term	1.00	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	10.00	ACUITE A3 (Assigned)
	Proposed Bank Facility	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Bills Discounting	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Packing Credit	Short Term	13.00	ACUITE A3 (Reaffirmed)
02 Jul 2020	Bills Discounting	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	1.00	ACUITE A3 (Reaffirmed)
	Packing Credit	Short Term	13.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Loan	Long Term	1.00	ACUITE BBB- 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 Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE A4+ Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A4+ Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A4+ Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	Working Capital Demand Loan (WCDL)	Not available	Not available	Not available	Simple	5.00	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Katta Akhil Analyst-Rating Operations Tel: 022-49294065 akhil.katta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.