

Press Release

Al Badr Seafoods Private Limited

October 08, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs.6.00 Cr.
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has reviewed and withdrawn the short-term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) on the Rs.6.00 crore bank facilities of Al Badr Seafoods Private Limited. The rating is in accordance with Acuité's policy on withdrawal of rating and on account of request received from the company and no dues certificate received from bankers.

About the Company

Kochi-based, ABPL was incorporated in 2005. The company is engaged in the procurement, processing, freezing and final packing, storing, exporting of fish and fishery products. The company is promoted by Mr. Yousef Alkouni Alghdr who have more than a decade of experience in the seafood industry. The Company has a manufacturing unit located in Kochi with an installed capacity of 40000 kgs per day utilized at ~60 percent.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management and established track record of operations**

ABPL, promoted by Mr. Yousef Alkouni Alghdr have more than a decade of experience in the seafood industry. The extensive experience of the management has helped the company to grow over the years and enabled the company to forge healthy relationships with overseas clients in countries like West Africa, Dubai, UAE, and Morocco which has subsequently helped the exports grow to 98 percent.

- **Efficient working capital management**

ABPL's working capital operations are efficiently managed marked by Gross Current Asset (GCA) days of 75 in FY2020 (Prov) against 59 days in the previous year. This is on account of prudence in inventory days, which stood at 49 days in FY2020 (Prov) against 44 days in FY2019. Further, debtor days stood at 11 days in FY2020 (Prov) from 5 days in FY2019.

- **Comfortable financial risk profile**

ABPL's financial risk profile is comfortable marked by comfortable gearing, total outside liabilities to total net worth (TOL/TNW), modest net worth and comfortable debt protection measures. The gearing stood comfortable at 0.16 times in FY2020 (Prov) against 0.17 times in FY2019. TOL/TNW stood at 1.18 times in FY2020 (Prov) against 2.14 times in FY2019. The tangible net worth of the company stood modest at Rs.11.63 Cr in FY2020 (Prov) against Rs.7.41 Cr in FY2019.

Debt protection metrics of interest coverage ratio and net cash accruals to total debt stood comfortable at 16.11 times and 2.27 times, respectively in FY2020 (Prov).

Weaknesses

- **Intense competition from domestic and international players**

The business is highly exposed to changes in the government policies in exporting countries and competitive pressure from domestic and international players. The Seafood industry is also susceptible to diseases and climatic changes.

Material Covenants

None

Liquidity: Adequate

ABPL has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.4.22 Cr in FY2020 (Prov), against nil long-term repaying obligations. The working capital operations are efficiently managed, marked by Gross Current Asset (GCA) of 75 days in FY2020 (Prov) against 59 days in FY2019. The company maintains unencumbered cash and bank balances of Rs.0.64 Cr in FY2020 (Prov). The current ratio of the company stood at 0.95 times in FY2020 (Prov).

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	52.16	55.24
PAT	Rs. Cr.	4.22	0.51
PAT Margin	(%)	8.09	0.93
Total Debt/Tangible Net Worth	Times	0.16	0.17
PBDIT/Interest	Times	16.11	8.85

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
01-Oct-2019	Proposed Bills Discounting	Short Term	6.00	ACUITE A4+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Bills Discounting	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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