

ARYA SEA FOODS PVT LTD

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 33.00 Crores of Arya Sea Foods Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (August, 2019)	Present
Fund based					
Foreign Documentary Bills For Purchase (FDBP)	13.00	13.00	Short Term	BWR A4+ (Upgrade)	BWR A4+ (Reaffirm)
Export Packing Credit (EPC)	19.00	19.00			
EPC (Sublimit of FDBP)	(5.00)	(5.00)			
Non Fund Based					
Bank Guarantee (BG)	1.00	1.00			
SBLC(Sublimit under BG)	(1.00)	(1.00)			
Total	33.00	33.00	INR Thirty Three Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

RATING ACTION

BWR has reaffirmed the rating of **BWR A4+**

The ratings draw strength from locational advantage, moderate net worth. However, the rating is constrained due to low net profit margin, high gearing, and inherent risk associated with the seafood industry.

KEY RATING DRIVERS

Credit Strengths:

- **Locational Advantage :**

The company/Firm is located in Visakhapatnam, Andhra Pradesh and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors making the company more efficient and cost effective.

- **Moderate Net worth:**

Moderate Tangible net-worth of Rs. 7.09 in FY18 and 7.59 in FY19.

Credit Risks:

- **Competition in the Industry :**

Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability.

- **Moderate financial risk profile:**

Moderate financial risk profile marked by low net profit margin, high gearing ratio, and moderate debt protection metrics.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA :

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING OUTLOOK: STABLE

BWR believes the Arya Sea Foods Pvt Ltd business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Arya Sea Foods Private Limited, incorporated in Aug 2014 and registered office located at Visakhapatnam, Andhra Pradesh. The company is engaged in processing of Shrimp at Cheruvu Village, Veerasayaram Mandal, West Godavari(Dt.), Andhra Pradesh. Commercial operations of the company commenced from Jan 2016 onwards. The Company product list includes IQF

Frozen Shrimp, Block Frozen Shrimp, peeled and Deveined Shrimp, Peeled and undeveined Shrimp, Ribbon Fist, etc. Company is exporting its products to Vietnam, USA & European Countries

Key Financial indicators

Key Financial indicators	Units	FY 18	FY 19
Result Type		Audited	Audited
Operating Income	Rs in Crs	136.37	121.27
EBITDA	Rs in Crs	5.09	4.64
Net Profit	Rs in Crs	0.29	0.43
Tangible Net worth	Rs in Crs	7.10	7.59
Total Debt/Tangible Net worth	Times	4.54	4.06
Current Ratio	Times	1.01	0.96

Liquidity profile:

The company has low liquidity profile, driven by current ratio of 1.01 times in FY18 and 0.96 times in 2019

RATING HISTORY FOR LAST 3 YEARS (INCLUDING WITHDRAWN/SUSPENDED)

S. No	Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	20.08.2019	16.7.2018	8.6.2017
1.	Fund Based	Short Term	32.00	BWR A4+ (Reaffirm)	BWR A4+ (Upgrade)	BWR A4 (Reaffirm)	BWR A4 (Reaffirm)
2.	Non Fund Based		1.00				
Total			33.00	INR Thirty Three Crores Only			

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED -There are no Key covenants

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - Not Applicable



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information , visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- <https://www.brickworkratings.com/download/Criteria-ServicesSector.pdf>
- Short Term Debt

For any other criteria obtain hyperlinks from website

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