



Rating Rationale

Arya Sea Foods Pvt. Ltd.

16 July 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 28.00 Crores of Arya Sea Foods Pvt. Ltd.

Particulars

| Facility | Amount (₹ Crs) | | Tenure | Rating* | |
|-----------------------------|----------------|--------------|-------------------------------------|---|--|
| | Previous | Present | | Previous (June, 2017) | Present |
| Fund based | | | Short Term | BWR A4 (Pronounced as BWR Single A Four) | BWR A4 (Pronounced as BWR Single A Four) Reaffirmed |
| Bill Discounting (DB) | 12.50 | 12.50 | | | |
| Export Packing Credit (EPC) | 15.00 | 15.00 | | | |
| EPC (Sublimit under DB) | (5.00) | (5.00) | | | |
| Non Fund Based | | | | | |
| Bank Guarantee (BG) | 0.50 | 0.50 | | | |
| SBLC (Sublimit under BG) | 0.00 | (0.33) | | | |
| Total | 28.00 | 28.00 | INR Twenty Eight Crores Only | | |

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings:Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY17, provisional of FY18 certified by management and publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the promoters and revenue growth. However, the ratings are constrained by limited track record of business operations, low net worth,, reduced net profit & operating profit margins, forex price risk , working capital intensive nature of operations and highly competitive nature of industry.

Description of Key Rating Drivers

Credit Strengths: One of the promoters has more than three decades of experience and revenue increased from Rs. 14.06 Crs in FY16 to Rs. 82.71 Crs in FY17 and further increased to Rs. 124.30 Crs in FY18(Provisionals).



Credit Risks: Commercial operations of the company commenced from Jan 2016, net-worth is at Rs. 6.81 Crs in FY17, Net profit margin is reduced from 0.32% in FY16 to 0.24% in FY17 and operating profit margin is reduced from 18.72% in FY16 to 7.32% in FY17. no hedging policy on forex price risk

Going forward, the ability of the company to further increase its scale of operations, with improved profits and profitability margins, efficiently manage its working capital will be the key rating sensitivities.

Analytical Approach

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).

About the Company

Arya Sea Foods Private Limited, incorporated in Aug 2014 and registered office located at Visakhapatnam, Andhra Pradesh. 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.

Company Financial Performance

The company reported a total operating income of Rs.14.06 Crores in FY16 and Rs.82.71 Crores in FY17. Based on provisional of FY18 , operating income achieved is of Rs.124.30 Crs. Operating and net profit margins reported at 7.32% and 0.24% in FY17 as against 18.72% and 0.32% in FY16. Tangible net-worth of the company is stood at 6.81 Crs in FY17. The company is reported to have debt equity of 6.17 times in FY17.

Rating History for the last three years

| S.No | Facility | Current Rating (2018) | | | Rating History | | |
|------|----------------|-----------------------|----------------|--|----------------|---------------|----------------------|
| | | Type | Amount (₹ Crs) | Rating | 8.6.2017 | 28.6.2016 | 2015 |
| 1 | Fund Based | Short Term | 27.50 | BWR A4 (Pronounced as BWR Single A Four) Reaffirmed | BWR A4 | BWR A4 | Not Rated |
| 2 | Non Fund Based | | 0.50 | | | | |
| | Total | | 28.00 | ₹ Twenty Eight Crores Only | | | |

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



Key Financial Indicators

| Key Parameters | Units | 2017 | 2016 |
|-------------------------------|-----------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | In Crores | 82.71 | 14.06 |
| EBITDA | In Crores | 6.05 | 2.63 |
| PAT | In Crores | 0.20 | 0.05 |
| Tangible Net worth | In Crores | 6.81 | 6.61 |
| Total Debt/Tangible Net worth | In Times | 6.17 | 5.11 |
| Current Ratio | In Times | 1.00 | 1.03 |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.