



## RATING RATIONALE

22 Oct 2019

### Authentic Ocean Treasure

**Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹. 20 Crores of Authentic Ocean Treasure**

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (September 2018)	Present
Non-Fund based	20.00	20.00	Short Term	BWR A4+ BWR A Four Plus	BWR A4+ BWR A Four Plus (Reaffirmed)
<b>Total</b>	<b>20.00</b>	<b>20.00</b>	<b>INR Twenty Crores only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

BWR believes the **Authentic Ocean Treasure** 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.

#### KEY RATING DRIVERS

Brickwork rating has reaffirmed the ratings at BWR A4+. The rating continues to factor Partners experience in the industry, relationship with overseas customers, Revenue reached is more than projected in the first year of commercial operations, a significant increase in revenues, low gearing, satisfactory interest coverage indicator and moderate liquidity position and cash conversion cycle.



The ratings are however constrained by a limited track record of business operations, stiff competition in the industry, forex price risk, working capital intensive nature of business, susceptibility of margins due to volatility in the exchange rates and health risk of the finished goods inherent risk.

**Credit Strengths:**

- Promoters of the firm are well experienced in this line of activity and have strong management skills with the vision to set targets and achieve the same.
- Locational advantage as the firm is located in Mangalore and availability of good quality raw materials is abundant.
- Moderate gearing and satisfactory coverage indicators in FY19.
- There has been a substantial increase in Operating revenues in FY19 and the projections are constantly met.

**Credit risks:**

- An inherent risk of the firm being a partnership firm.
- Highly competitive seafood industry and susceptibility of margins to fluctuations in the foreign exchange rates.
- Dependence of commercial activity on government regulations, rainfall, and weather conditions.

**ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

BWR has principally relied upon the audited financial results of FY19, and projections up to FY22 along with publicly available information, information/clarifications provided by the Firm's management.

**RATING SENSITIVITIES**

Going forward the ability of the Company to increase its scale of operations and manage its working capital efficiently would be the key rating sensitivities.

**Positive:** The ratings may be upgraded if the Company manages to achieve its envisaged growth by maintaining its overall financial risk profile.



**Negative:** The ratings may be downgraded if there is a deterioration in the overall financial risk profile of the Company

**LIQUIDITY POSITION: Adequate**

Authentic Ocean Treasure does not have any long term debt and the current debt primarily consists of working capital facilities availed from CanaraBank, which is not fully utilized. AOT’s working capital cycle is at an average of 14 days coupled with an average inventory holding period of 19 days. KVMC's cash flow position remains adequate with the fund flow from operations supporting its working capital cycle and capital expenditure. AOT has adequate liquidity reflected by the Current ratio of 2.87 times as on 31 st March 2018 and Net Cash Accrual to Total Debt of 0.72 times.

**COMPANY PROFILE**

Authentic Ocean Treasure, a partnership firm was established in the year 2016. The firm is engaged in trading and processing of “SURIMI” (fish meat without bones) which is very popular food in countries like Indonesia, China, Korea and Thailand.

Managing Partners of the Firm are Mr. A K Singh, Mr. Salim Dange, Mr. Anand P Suvarna, Mr. T Mohammad Anwar and Mr. Ashraf Kodibengre. All the partners have more than 2 decades of experience in the same line of activity. The Firm’s registered office and processing unit are located in Mangalore SEZ, Karnataka.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Operating Revenue	₹ Cr	67.18	164.38
EBITDA	₹ Cr	20.43	26.53
PAT	₹ Cr	10.49	19.84
Tangible Net worth	₹ Cr	18.56	26.81
Total Debt/Tangible Net worth	Times	0.92	0.93
Current Ratio	Times	1.44	1.31

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED- NA**

**NON-COOPERATION WITH the PREVIOUS RATING- None**



## RATING HISTORY

Facilities	Current Rating		Rating History		
	Tenure	Amount (₹ Cr)	Rating	2018	2017
PCFC	Short term	20.00	<b>BWR A4+ BWR A Four Plus (Reaffirmed)</b>	BWR A4+ BWR A Four Plus	Not Rated
Total		20.00	INR Twenty Crores only		

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[Service Sector](#)

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## Authentic Ocean Treasure

### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	Canara Bank	PCFC		20.00	20.00
<b>TOTAL</b>					20.00

**Total Rupees Twenty Crores only.**

#### For print and digital media

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