



Rating Rationale

Authentic Ocean Treasure

21Sep2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 20.00 Crores of Authentic Ocean Treasure.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (January, 2017)	Present
Fund based Term Loan	15.00	--	Long Term	BWR B (Pronounced as BWR single B) Outlook: Stable	Reaffirmation of BWR B and simultaneous withdrawal (Pronounced as BWR single B) (Withdrawn)
Non Fund Based PC/PCFC/FBD Proposed PC/PCFC/FBD	10.00 --	10.00 10.00	Short Term	BWR A4 (Pronounced as BWR A four)	BWR A4+ (Pronounced as BWR A four plus) (Upgraded)
Total	25.00	20.00	INR Twenty Crores Only		

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

Note: The Banker has confirmed that the term loan availed earlier has been repaid completely and the Term loan is closed in the books of Bank.

Ratings: Long term rating reaffirmed and simultaneously withdrawn and Short term rating upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY18, and projections up to FY20 along with publicly available information, information/clarifications provided by the Firm's management.

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, low gearing, satisfactory interest coverage indicator and moderate liquidity position and cash conversion cycle. The ratings are however constrained by 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.

Going forward the Firm's ability to further increase its scale of operations and its profitability margins, and manage working capital cycle with timely realization of receivables will be the key rating sensitivities of the company.

Description of Key Rating Drivers

Credit Strengths: The managing partners of the firm have experience of more than two decades in the same line of business, relationship with overseas customers is more than two years. The firm has reported revenues of Rs. 67.18 Crs in first year of commercial operations in FY18, Gearing stood at 0.92 times in FY18, interest service coverage ratio reported at 9.72 times in FY18, current ratio reported at 1.44 times in FY18 and conversion cycle stood at 58 days in FY18.

Credit Risks: The firm has commenced its commercial operations in December 2017, No hedging policy on forex price risk, competition from many organised and unorganised players in the industry and inherent risk of firm being partnership.

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).

Rating Outlook: *Stable*

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.

About the Firm

Authentic Ocean Treasure, a partnership firm was established in 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 manufacturing unit is located in Mangalore SEZ, Karnataka. The firm is into manufacturing of SURIMI(fish meat without bones) with a total installed capacity of 90 MT per day and current utilization is 30 MT per day. The firm has man power of 50 permanent and 250 contract employees.



Firm Financial Performance

As per FY18 audited financials the Firm has reported revenue of Rs. 67.18 Crs and PAT of Rs. 7.04 Crs.

Rating History for the last three years

S.No	Facility	Current Rating 2018			Rating History		
		Type	Amount (₹ Crs)	Rating	7.8.2018	31.1.2017	2016
	Fund Based	Long Term	--	Reaffirmation of BWR B and simultaneous withdrawal (Pronounced as BWR single B) (Withdrawn)	Rating Not Reviewed	BWR B (Pronounced as BWR single B) (Outlook:Stable)	Not rated earlier
	Non Fund Based	Short Term	20.00	BWR A4+ (Pronounced as BWR A four plus) (Upgraded)	Rating Not Reviewed	BWR A4 (Pronounced as BWR A four)	
	Total		20.00	₹ Twenty Crores Only			

Status of non-cooperation with previous CRA -Reason and comments: Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2018	2019	2020
Result Type		Audited	Projections	Projections
Operating Revenue	₹ in Crs	67.18	164.38	192.70
EBITDA	₹ in Crs	13.72	43.61	46.26
PAT	₹ in Crs	7.04	32.61	35.38
Tangible Net worth	₹ in Crs	18.56	26.81	28.09
Total Debt/Tangible Net worth	Times	0.92	0.93	1.07



Current Ratio	Times	1.44	1.31	1.27
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Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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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 ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



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.