



Rating Rationale

11Jan2019

Blue Ocean Marine

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.83 Crores of Blue Ocean Marine (hereinafter referred as “BOM”)

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	6.83	Long Term	BWR D (Pronounced as BWR D)
Total	6.83	INR Six Crores & Eighty Three Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR principally relied upon the audited financial results upto FY18, Projected/estimated financials upto FY22, the information and documents provided by the management, as well as the publicly available information.

The rating draws comfort from experienced management in the fisheries industry. The rating reflects multiple instances of delays in debt serving during the year, low scale of operation, average financial risk profile, stretched liquidity and vulnerability being a partnership constitution.

Description of Key Rating Drivers

Credit Strengths:

- **Promoter's extensive experience:**
BOM is established by Motivaras and family for processing and storage of fishes at Porbandar, Gujarat. Promoters belong to “Kharva” Community, basically fishermen community having prominent presence in Saurashtra region of Gujarat They have an experience over a decade in the fish-processing industry.
- **Locational Advantage :**
The firm is located nearer to the major harbors like Porbandar, Veraval and Okha, which are known for Trading in Fish & other related marine foods. The unit is well connected by road and water transportation.



Credit risks:

- **Low scale of operation and thin profit margins** : In the first year of operation the firm has achieved the sale of Rs. 5.90 Crs with OPM of 11.01% and NPM of 0.32% in FY18. In FY19, the firm has achieved the operating income of Rs. 1.84 Crs till August-2018 as conveyed by the management.
- **Delays in debt servicing:** The banker has confirmed that there have been delays in debt obligations; interest payments from past nine months. Further, the repayments are claimed to be made in the same month but with delays
- **Average financial risk profile** : TNW is low at Rs. 2.68 Crs and USL is Rs. 1.62 Crs in FY18. Gearing is high at 2.63 in FY18 and debt protection metrics are comfortable with DSCR at 2.29 and ISCR 2.28x at in FY18.
- **Stretched liquidity position** : Current ratio is comfortable at 1.82x., however, the liquidity is stretched as average Cash credit utilization is above 85% in last six months. Receivable level are high at 176 days.
- **Exposure to risks relating to volatility in raw material prices and intense competition:** Intense competition in the Indian seafood industry and volatility in prices of fish may continue to impact profitability over the medium term. Growing aquaculture, and therefore, demand for fish meal, in the domestic market, may however, help BOM maintain scale of operations.

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 Firm:

M/s Blue Ocean Marine is the partnership firm, established as on since 7 April, 2017 for carrying out an activity of Fish Processing, Fish Export and Local Trading Business at Porbandar, Gujarat. The firm has purchased existing Fish processing Unit namely Kaan Fish Oil Co. at Zavar Village, Porbandar District. The firm's operation has started since April-2018 and managed by Motivaras & Family.

Financial Performance

In the first year of operation, the firm has achieved the revenue of Rs. 5.90 Crs with a net profit of Rs. 0.02 Crs. In FY19, the firm has achieved the operating income of Rs. 1.84 Crs till August-2018 as confirmed by the management.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based Term Loan	Long	4.40	BWR D (Pronounced as BWR D)	Not Applicable	Not Applicable	Not Applicable
2	Cash Credit	Term	2.43				
Total			6.83	₹ Six Crores & Eighty Three Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- Not Applicable

Key Financial Indicators

Key Parameters	Units	2018
Result Type		Audited
Operating Revenue	₹ Cr	5.90
EBITDA	₹ Cr	0.65
PAT	₹ Cr	0.02
Tangible Net worth	₹ Cr	2.68
Total Debt/Tangible Net worth	Times	2.63
Current Ratio	Times	1.82

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Sushil Kumar Chitkara</i> <i>Associate Director - Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.

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.