

Noor Ice and Cold Storages Private Limited

April 07, 2022

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|-------------------------------|---|---|---|
| Long Term Bank Facilities | 8.56 | CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable ISSUER NOT COOPERATING*) | Rating moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 32.50 | CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) | Rating moved to ISSUER NOT COOPERATING category |
| Total Bank Facilities | 41.06 (Rs. Forty-One Crore and Six Lakhs Only) | | |

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Noor Ice and Cold Storages Private Limited (NICSPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The detailed information regarding the performance in FY22 also was not available. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The rating on NICSPL's bank facilities will now be denoted as **CARE BB; Stable/ CARE A4; ISSUER NOT COOPERATING***. Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings of the bank facilities of Noor Ice and Cold Storages Private Limited (NICSPL) continues to be constrained by modest scale of operations, low profitability margins, leveraged capital structure, weak debt coverage indicators and working capital intensive nature of operations. The ratings, further continue to be constrained by concentrated customer base, foreign exchange fluctuation risk and exposure to risks inherent in the seafood industry with highly competitive and fragmented nature of operations.

Key Rating Sensitivities

Positive Factors

- Increase in the scale of operations with total operating income exceeding Rs.150crore
- Improvement in the capital structure with overall gearing reaching below 2 times on a sustained basis
- Improvement in debt coverage indicators with interest coverage exceeding 2 times and TD/GCA reaching below 8 times on a sustained basis

Negative Factors

- Deterioration in profit margins with PBILDT margins below 4% on a sustained basis
- Deterioration in inventory and collection period exceeding 80 days each on a sustained basis

Detailed description of the key rating drivers

Key Rating Weaknesses

Modest scale of operations

The overall scale of operations of the company remained modest at Rs.119.21crore in FY21 owing to decrease in the orders received from the customers on the back of unfavourable market conditions along with the onset of COVID-19 pandemic and subsequent lockdown announced by the government. Furthermore, the tangible net worth base remained modest and stood at Rs.13.85crore as on March 31, 2021 due to accretion of the profits to reserves. Hence, the modest scale of operations and tangible net worth base limits its financial flexibility to an extent.

Low profit margins

The PBILDT margin of the company stood low at 6.10% during FY21 given the low value addition nature of processing of sea food items thereby commanding lower margins. However, the profit margins remained susceptible to the volatile prices of raw materials viz. Lobsters, Shrimps, Squids and Fish as the same are dependent on the availability and seasonal nature of operations.

Leveraged capital structure and weak debt coverage indicators

NICSPL's capital structure remained leveraged in FY21 with the overall gearing at 3.33 times as on March 31, 2021. The company availed ECLGS loan of Rs.8.75crore in FY21. Further, the directors have infused funds in the business in the form of

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

interest free unsecured loans to the tune of Rs.0.44crore in FY21 to meet the working capital needs. The debt coverage indicators remained weak during past three years owing to high debt level and lower cash accruals.

Exposure to risks inherent in the seafood industry with highly competitive and fragmented nature of operations

The seafood industry is subject to strict regulations regarding excess fishing and restrictions on trawling. Furthermore, the industry is susceptible to outbreak of diseases and natural calamities. Moreover, the company's procurements are restricted to the Mumbai region which further intensifies above said risks. Further, the industry is characterized with large number of organized and unorganized players operates in the industry intensifies the competition in the industry and also reduce the ability to pass on the raw material price fluctuation to an extent. The company faces competition from few large players as well as many players in the unorganized segment along with exports to various countries which put pressures the profitability of the company due to less bargaining power with lower price realization from its customers along with liberal credit policies adopted by the company.

Foreign exchange fluctuation risk

The company is exposed to foreign exchange fluctuation risk as the company primarily exports to Middle East, Japan, Taiwan and China. The company is not benefiting through natural hedge in absence of import. However, it hedges forex risk as per the requirement from time to time which may partially mitigate the risk. Nevertheless, the foreign exchange fluctuation risk continues to persist due to timing differences and volatility in the dollar prices.

Key Rating Strengths

Long track record of operations with experienced directors in sea food industry

NICSPL possesses a long track record of over two decades of operations in sea food industry. During its long span of operations, the company has established long term relations with customers and suppliers. The operations are looked after by directors Mr. Iqbal Ahmed Dedrani and Mr. Allarakha Dedrani having vast experience of three decades in the industry. Over the years of existence in the market, the promoters have established process excellence and strong marketing connects with its stakeholders.

Liquidity: Stretched

The liquidity position remained stretched marked by tightly matched accruals to repayment obligations. Its working capital limits remained fully utilized during the twelve months ended February 2022. Further, the current ratio stood low at 1.23 times as on March 31, 2021.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios - Non-Financial Sector](#)

[Liquidity Analysis- Non-Financial Sector](#)

About the Company

Noor Ice and Cold Storages Private Limited (NICSPL) was incorporated in 1998 by Mr. Iqbal Ahmed Dedrani and Mr. Allarakha Dedrani and is engaged in processing and exporting of sea food products like Lobsters, Shrimps, Squids and Fish. The company has processing capacity of 10,000 MTPA per annum and ice of 10 MT per day. NICSPL majorly caters to export market (96.97% of total sales for FY20 vis-à-vis 99% of total sales for FY19) and exports processed sea food across Middle East, Japan, Taiwan and China. The Lobsters, Shrimps, Squids and Fish are procured domestically from Mumbai. The registered and controlling office of the company is located at Colaba, Mumbai and its processing unit at Taloja, Navi Mumbai.

| Brief Financials (Rs. crore) | FY20 (A) | FY21 (A) | 9MFY22(UA) | |
|-------------------------------------|-----------------|-----------------|-------------------|----|
| Total operating income | 111.01 | 119.21 | | NA |
| PBILDT | 6.13 | 7.27 | | NA |
| PAT | 1.43 | 1.05 | | NA |
| Overall gearing (times) | 3.11 | 3.33 | | NA |
| Interest coverage (times) | 1.84 | 1.60 | | NA |

A: Audited; UA: Unaudited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments / Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|---|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | | - | - | December 2023 | 2.45 | CARE BB; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bill Discounting / Bills Purchasing | | - | - | - | 28.50 | CARE A4; ISSUER NOT COOPERATING* |
| Fund-based - ST-Working Capital Limits | | - | - | - | 4.00 | CARE A4; ISSUER NOT COOPERATING* |
| Fund-based - LT-Proposed fund based limits | | - | - | - | 6.11 | CARE BB; Stable; ISSUER NOT COOPERATING* |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|---|-----------------|--------------------------------|--|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2022-2023 | Date(s) & Rating(s) assigned in 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Term Loan | LT | 2.45 | CARE BB; Stable; ISSUER NOT COOPERATING* | - | - | 1)CARE BB; Stable (24-Mar-21) | 1)CARE BB; Stable (10-Feb-20) |
| 2 | Non-fund-based - ST-Bill Discounting / Bills Purchasing | ST | 28.50 | CARE A4; ISSUER NOT COOPERATING* | - | - | 1)CARE A4 (24-Mar-21) | 1)CARE A4 (10-Feb-20) |
| 3 | Fund-based - ST-Working Capital Limits | ST | 4.00 | CARE A4; ISSUER NOT COOPERATING* | - | - | 1)CARE A4 (24-Mar-21) | 1)CARE A4 (10-Feb-20) |
| 4 | Fund-based - LT-Proposed fund based limits | LT | 6.11 | CARE BB; Stable; ISSUER NOT COOPERATING* | - | - | 1)CARE BB; Stable (24-Mar-21) | 1)CARE BB; Stable (10-Feb-20) |

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable**Annexure 4: Complexity level of various instruments rated for this company**

| Sr. No | Name of instrument | Complexity level |
|--------|---|------------------|
| 1 | Fund-based - LT-Proposed fund based limits | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Fund-based - ST-Working Capital Limits | Simple |
| 4 | Non-fund-based - ST-Bill Discounting / Bills Purchasing | Simple |

Annexure 5: Bank Lender Details for this CompanyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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