

NAS Fisheries Private Limited

September 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.77 (Enhanced from 3.81)	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	64.00 (Enhanced from 52.40)	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings reassigned to the bank facilities of NAS Fisheries Private Limited (NAS) continue to be constrained by the short track record of operations, leveraged capital structure and susceptibility of margins to volatile raw material prices and forex risk. The ratings, however, derives strength from experienced promoters, stable operations, and locational advantage with presence in aquaculture zone.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in scale of operations while maintaining PBILDT margins above 6%
- Consistent improvement in overall gearing below 3x

Negative factors

- Significant elongation in operating cycle impacting the liquidity position
- Decline in operating margins below 3% on a consistent basis
- Any major capex plan leading to deterioration in capital structure

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company will continue to benefit from its diversified product portfolio and geographically diversified customer portfolio.

Detailed description of key rating drivers:

Key weaknesses

Short track record of operations

NAS was incorporated in 1994 and did not have any operations until it was taken over by the current management in 2012. The commercial operations at the company commenced from April 2019. The first full year of operations of the company was in FY20. The company mainly deals in the export of Shrimp followed by Tuna and other varieties of fish. The company has its own peeling shed unit outside the factory. After peeling, it is processed through the cooking line followed by freezing.

Improved, however leveraged capital structure

The capital structure of the company marked by overall gearing marginally improved but remained leveraged at 3.51x as of March 31, 2024 (Prov.), as against 3.92x as of March 31, 2023. The high debt levels are due to working capital intensive operations and term loans availed for purchase of plant and machinery. The debt coverage indicators of the company continued to be weak marked by TD/GCA of 10.01x in FY24 as compared to 9.77x in FY23.

Exposure to volatile raw material prices and forex risk

NAS exports its entire products and hence it is susceptible to the fluctuations in foreign exchange fluctuation. The company also doesn't have any well-defined foreign exchange management in place which keeps its exposure open. Further, the raw material prices are also highly volatile depending on its availability, and the company is not able to pass on the price rise in entirety to its customers due to heavy competition from peer players. This puts pressure on the margins of the players rendering them volatile.

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

Key strengths

Extensive experience of promoters in the seafood industry

The Managing Director, Mr. K K Ashraf, and his sons Mr. K A Muhsin and Mr. K A Hashim have been involved in the seafood business for over four decades. They have been able to leverage their wide experience and contacts in the industry to establish a wide range of clientele. The ability of the promoters to identify industry trends and customer preferences have helped the group to sustain amidst the volatility associated with the seafood business. The day-to-day operations of the company are presently being managed by the MD and his sons together.

Stable operations

The operations of the company are stable marked by diversified product profile ranging from different types of fishes to shrimp. The company's total operating income (TOI) stood stable at Rs. 171 crores in FY24 (Prov.). This was lower than the previous year revenue of Rs. 228 crores in FY23 primarily due to drop in sales realizations. The overall volumes continue to be stable. The PBILDT margins though continues to be satisfactory and stood at 6.31% in FY24 as against 3.62% in FY23. In the current year, NAS has also entered new markets such as Russia to counter the drop in shrimp exports and has achieved a turnover of Rs. 80 crores till July 2024.

Locational Advantage with presence in the aquaculture zone

The plant of the company is located in Kochi, Kerala. The presence of the plant in a coastal region which has proximity to raw material location enables the group to procure its raw materials and process them immediately after the harvest season.

Liquidity: Stretched

Liquidity is stretched marked by highly utilized bank limits, moderate cushion in accruals to repayment obligations of Rs. 3.72 crore in FY24 and modest cash balance of Rs. 10.10 crore as on March 31, 2024 (Prov.). The average utilization for the last 12 months ended July 2024, stood at approx. 70%. The working capital cycle of NAS stood at 74 days in FY24 (Prov.) (PY:57 days). The company purchases shrimp from local farmers in Andhra Pradesh on cash and carry basis and does not avail any credit period, however for purchase of other raw material from TN and Kerala it receives a credit period of around 30 days. The creditor period stood at around 34 days in FY24 (Prov.) (PY:11 days).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Seafood

Kochi, Kerala based NAS Fisheries Private Limited was incorporated in 1994. The company was taken over by the current management in 2012 and the commercial operations commenced in April 2019. FY20 was the first full year of operations. The company is engaged in the processing and export of various varieties of sea food, primarily Shrimp and Tuna and other products like Octopus, squid, various types of fish etc. NAS procures the sea food directly from local fishermen and primarily exports to countries like Mexico, USA, Tunisia, China etc. The company has an installed monthly capacity of 4,495 MT.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (Prov.)	4MFY25(UA)
Total operating income	228.07	171.22	80.00
PBILDT	8.36	10.80	NA
PAT	2.84	2.81	NA
Overall gearing (times)	3.92	3.51	NA
Interest coverage (times)	8.79	2.46	NA

A: Audited Prov.: Provisional UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	April 2025	4.77	CARE BB; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	37.60	CARE A4
Fund-based - ST-EPC/PSC		-	-	-	26.40	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	4.77	CARE BB; Stable	-	1)CARE BB; Stable (16-Aug-23)	1)CARE BB; Stable (05-Jul-22)	1)CARE BB-; Stable (06-Sep-21)
2	Fund-based - LT-Proposed fund based limits	LT	-	-	-	1)Withdrawn (16-Aug-23)	1)CARE BB; Stable (05-Jul-22)	1)CARE BB-; Stable (06-Sep-21)
3	Fund-based - ST-EPC/PSC	ST	26.40	CARE A4	-	1)CARE A4 (16-Aug-23)	1)CARE A4 (05-Jul-22)	1)CARE A4 (06-Sep-21)
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	37.60	CARE A4	-	1)CARE A4 (16-Aug-23)	1)CARE A4 (05-Jul-22)	1)CARE A4 (06-Sep-21)

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
3	Fund-based - ST-EPC/PSC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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

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