

Danica Aqua Exports Private Limited

December 31, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.79	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	44.21	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale & key rating drivers

CARE has been seeking information from Danica Aqua Exports Private Limited (DAEPL) to monitor the rating(s) vide e-mail communications dated September 03, 2024, September 18, 2024, September 26, 2024, October 01, 2024, October 07, 2024, October 18, 2024, October 24, 2024, October 28, 2024, November 06, 2024, November 11, 2024, November 19, 2024, November 29, 2024, December 17, 2024 and December 20, 2024 along with numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on DAEPL's bank facilities will now be denoted as **'CARE B+; Stable; ISSUER NOT COOPERATING'*/ 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 assigned to the bank facilities of Danica Aqua Exports Private Limited (DAEPL) have been revised on account of non-availability requisite information. Further the ratings remain constrained on account of its short track record of operations, leverage capital structure as well as weak debt coverage indicators. Additionally, the rating is also constrained by exposure to volatility in raw material prices and forex risk and its presence in highly regulatory industry and exposed to water borne diseases. However, the rating are strengthened from the improved scale of operation with moderate profitability, comfortable working capital cycle as well as experienced management coupled with locational advantages of the company's plant with established customer relationship.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on November 30, 2023 the following were the rating strengths and weaknesses (updated based on information available from ROC filings.)

Key weaknesses

Leveraged capital structure and weak debt coverage metrics

DAEPL's capital structure improved albeit remains leveraged marked by an overall gearing of 2.76x as on March 31, 2023 compared to 3.54x as on March 31, 2022. The marginal improvement was due to decrease in overall debt on account of gradual repayment of term debt and increase in networth base due to accretion of profit. Further, a decrease in operating profitability and increase in finance cost, had a negative impact on company's debt coverage. Thus, interest coverage deteriorated to 1.93x during FY23 compared to 2.75x in FY22. However, TD/GCA improved marginally with decrease in overall debt and remained moderate at around 6 years as on March 31, 2023 against 6.68 years as on March 31, 2022.

Short Track record of operations

DAEPL was registered as private limited company in 2015. It has short track record of operations as the company started its operation in August 2020.

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

* Issuer did not cooperate; Based on best available information

Exposure to volatility in raw material prices and forex risk

DAEPL is engaged in the majorly export of Shrimp, Tuna, etc. among other products the prices of which are mainly determined by the demand in the international markets. Further, the raw material prices highly volatile as the demand is dependent upon the availability of seafood. Shrimp prices in the international trade were low until October 2020, however, post which prices had begun to recover. DAEPL has been able to pass on the fluctuations in the raw material prices to its customers due to an increase in the demand for Indian shrimp. Most of the revenues of DAE are in USD there by exposing the firm to significant forex risk.

Presence in highly regulatory industry and exposed to water borne diseases

The shrimp market is characterized by uncertainty, which is more pronounced in supply side than from demand side. Shrimp is a depleting commodity and increased severity of regulations on excessive fishing has rendered supply more irregular. Thus, the governments around the world regularly put-up new regulations regarding international trade of shrimp. However, NAS is procuring shrimp from shrimp farms which help it to overcome the supply irregularities.

There are varieties of lethal viral and bacterial diseases that may affect shrimp. The fact that the shrimps are kept in clusters, acts as an exponential factor in multiplying the disease caught by a single shrimp and wipe out the almost 90% of total shrimp population in a particular farm. A major transfer vector of many of these viruses is the water itself; and thus, any virus outbreak also carries the danger of decimating shrimp living in the wild.

Key Strengths

Improved scale of operation with moderate profitability

DAEPL has reported a 35.47% rise in its scale of operations as marked by total operating income of at Rs. 135.47 crores in FY23 compared to Rs. 100.85 crores in FY22. Despite the improvement in scale of operation; DAEPL's profitability declined as a result of an increase in cost of materials consumed and employee costs. Thus, PBILDT margin stood at 4.49% during FY23 compared to 7.02% during FY22. Further, PAT margins remain low in range of 1.50% to 1.75% during last three years as a result of sizeable interest and depreciation expenses.

Comfortable working capital cycle

The operating cycle of DAEPL remains comfortable at 29 days during FY23 vis-à-vis 23 days during FY22 with collection days of 21 days, inventory days of 54 days and creditors days of 47 days. DAEPL received timely payment and it pay immediate to the farmers with 7 days (excluding Saturday and Sunday) for procurement of raw material.

Experienced promoters

DAEPL is promoted by four promoters namely, Joseph Raghunath (Managing Director), Durjyodhan Ray (Director), Kishore Kumar Valia (Director) and Srinivas Budda (Director). All the promoters have more than three decades of experience in seafood and export business. Each promoter brings his own expertise into the company and have defined roles & responsibility which help company to execute its operations smoothly. Mr. Joseph Raghunath, use to take care of day-to-day operational activity and help company to export in Japan, Middle Est and UAE with his established contacts. Mr. Durjyodhan Ray is based out of odissa and he use to procure raw material from odissa and west Bengal borders wherein the company gets rarest materials which help to grow company's profitability. Mr. Srinivas Budda uses to help company in procuring raw material from Vishakhapatnam port and Mr. Kishore Kumar takes care of financial aspects of the company.

Locational advantages of the company's plant with established customer relationship

The Prakasam, Nellore, Krishna, East and West Godavari districts of Andhra Pradesh are the hub of freshwater fish and shrimp farming with a coastline of 975 Kms with 349 landing centres and 555 fishing villages. DAE's processing plant is located at around 58 km from Vishakhapatnam port from where majority of export orders are shipped providing logistical advantage to the company.

Applicable criteria

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[CARE Ratings' criteria for rating of Short-Term Instruments](#)

[Manufacturing Companies](#)

About the company and industry

Industry classification

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

Danica Aqua Exports Private Limited (DAEPL) was incorporated in May 2015 with a registered office at Visakhapatnam, Andhra Pradesh. The company commenced its operation in August 2021. DAEPL is promoted by four promoters namely, Joseph Raghunath (Managing Director), Durjyodhan Ray (Director), Kishore Kumar Valia (Director) and Srinivas Budda (Director). All the promoters have more than three decades of experience in seafood and export business. The company is engaged in processing and export of shrimps and fishes. The company has a Palletized Cold Storage unit of 1000 MT and a Refrigeration unit of 1000 MT at its factory unit located at Vizianagaram district of Andhra Pradesh. The company exports processed shrimps to countries like Japan, Vietnam, and the United Arab Emirates. Further, DAEPL is planning to export to China and Australia.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	100.85	135.47
PBILDT	7.08	6.09
PAT	1.56	2.18
Overall gearing (times)	3.54	2.76
Interest coverage (times)	2.75	1.93

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: BRICKWORK has continued the ratings assigned to the bank facilities of DAEPL into 'Issuer not-cooperating' category vide press release dated October 23, 2024 on account of non-availability of requisite information from the company.

Any other information: Not Applicable

Rating History for last three years: Annexure-2

Covenants of rated instrument/facility: Annexure-3

Complexity level of various 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		-	-	31-03-2025	5.79	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-EPC/PSC		-	-	-	20.21	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Foreign Bill Discounting		-	-	-	24.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	-	-	-	-	-	1)CARE D (24-Feb-22) 2)Withdrawn (24-Feb-22) 3)CARE D (05-Apr-21)
2	Fund-based - ST-EPC/PSC	ST	20.21	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (30-Nov-23)	-	-
3	Fund-based - LT-Term Loan	LT	5.79	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (30-Nov-23)	-	-
4	Fund-based - ST-Foreign Bill Discounting	ST	24.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (30-Nov-23)	-	-

*Issuer did not cooperate; based on best available information.

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-EPC/PSC	Simple
3	Fund-based - ST-Foreign Bill Discounting	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.

Contact us

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About us:

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Disclaimer:

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