

Meenakshi Hatcheries

April 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	4.00	CARE B+;Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	4.00 (Rupees four crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Meenakshi Hatcheries (MH) to monitor the rating vide e-mail communications/ letters dated February 01, 2018, February 05,2018, February 10,2018 and February 17,2018 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** The rating on Meenakshi Hatcheries's bank facilities will now be denoted as **CARE B+; Stable; 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.

Detailed description of the key rating drivers

At the time of last rating on March 30, 2017 the following were the rating strengths and weaknesses:

Key Rating Weakness

Constitution of the entity as a partnership with inherent risk of withdrawal of capital and limited access to funding

MH, being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the partners. Moreover, partnership firm business has restricted avenues to raise capital which could prove a hindrance to its growth.

Intense competition

The firm has to stock shrimps for export during the off season, thus increasing its inventory levels. Apart from seasonality, adverse climate conditions, lack of quality feed, rampant diseases continue to pose risk in the raw material procurement. Furthermore, due to limited value addition nature of business and less technological input entry barriers are low. As a result, processed sea food industry is highly competitive with the presence of a large number of Indian players as well as players from other international market. Furthermore, exports of sea food is highly regulated, as exporters of sea food have to meet various regulations imposed by importing nations as well as imposed by the Indian government.

Key Rating Strengths

Experience of the partner for a decade in the shrimp hatchery industry

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

* Issuer did not cooperate; Based on best available information

MH is promoted by Mr BSSNV Krishna and his family members. Mr BSSNV Krishna, managing partner, is a graduate and has experience of more than decade in shrimp hatchery business as he is actively involved in the day-to-day operations of MHPL. Mr B Suryanarayana, partner, is a Post Graduate having more than a decade of experience in shrimp hatchery business as he is one of the directors of MHPL.

Location advantage

The shrimp hatchery unit of the firm is located at Bheemanipatnam, Visakhapatnam, Andhra Pradesh, which is one of those areas where shrimps are abundantly available resulting in lower logistic expenditure.

Successful completion of the project and achieved reasonable revenue

MH was established in the year 2015. The project was concluded with the total cost of Rs. 5 crore (against earlier envisaged project cost of Rs. 6.55 crore) funded through debt of Rs.4.0 crore and partner's capital of Rs. 1 crore. The firm has successfully completed the project without any cost and time overrun. During 9MFY17 (Provisional), the firm has achieved total operating income of Rs. 3 crore.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

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

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

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

About the Company

K Meenakshi Hatcheries (MH) was established in December 2015 and promoted by Mr BSSNV Krishna and his family members. The firm has started a shrimp hatchery unit. MH is doing hatchery (Shrimp) and sell the shrimp seed to shrimp farmers located in and around Andhra Pradesh. The process of shrimp seed production involves four stages (Maturation, Spawning and Hatching, Larval rearing and post larval rearing). It takes around 40 days for entire process to complete. The firm has started commercial operations from April 2016 as envisaged.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com 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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	May 2023	4.00	CARE B+; Stable; ISSUER NOT COOPERATING* Based on best available information

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

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	4.00	CARE B+; Stable; ISSUER NOT COOPERATING* Based on best available information	1)CARE B+; Stable (16-May-17)	-	1)CARE B (25-Mar-16)	-
2.	Fund-based - LT-Cash Credit	LT	-	-	1)Withdrawn (16-May-17)	-	1)CARE B (25-Mar-16)	-

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

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