

## Meenakshi Hatcheries

### September 29, 2020

#### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	4.00	CARE C; Stable; ISSUER NOT COOPERATING* (Single C; Outlook: Stable ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*) on the basis of best available information
<b>Total Facilities</b>	<b>4.00</b> (Rs. Four Crore Only)		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 09, 2019, placed the ratings of Meenakshi Hatcheries under the 'issuer non-cooperating' category as company had failed to provide information for monitoring of the rating. The firm continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated January 31, 2020 to September 08, 2020. 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.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

The revision in the rating takes into account the non-availability of requisite information due to non-cooperation by Meenakshi Hatcheries with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

#### Detailed description of the key rating drivers

At the time of last PR dated July 09, 2019 the following were the rating strengths and weakness

#### Detailed description of the key rating drivers

##### 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MH, being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at time of personal Contingency and firm being dissolved upon the death/retirement/insolvency of the partners.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

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.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

### 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' and 'Credit watch' to Credit Ratings](#)

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

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

[Rating Methodology- Manufacturing Companies](#)

### About the Firm

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.

**Brief Financials:** Not Applicable, at the time of last review, the firm is project stage entity and latest information is not available.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

### 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	-	-	July-2023	4.00	CARE C; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on based 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	L T	4.00	CARE C; Stable; ISSUER NOT COOPERATING*	-	1) CARE B+; Stable; ISSUER NOT COOPERATING* (09-Jul-19)	1) CARE B+; Stable; ISSUER NOT COOPERATING* (02-Apr-18)	1) CARE B+; Stable (16-May-17)
2.	Fund-based - LT-Cash Credit	L T	-	-	-	-	-	1) Withdrawn (16-May-17)

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

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**