IGUAKO CAPITAL · Case study

Marlin Bank Aquaculture

A US$23 million borrowing base facility written against live biomass and offtake contracts for an Indian Ocean finfish producer, renewed in 2024 at US$34 million.

YEAR	SECTOR	DIVISION
2021	Aquaculture & Marine	Commercial Finance

JURISDICTION
Mauritius

Situation

Marlin Bank Aquaculture farms finfish in the Indian Ocean from fourteen sea cages and a hatchery on shore. The growth cycle from stocking to harvest runs twenty-two months. For most of that period the company's principal asset is live biomass in the water, which no lender in its market would accept as security.

The company had funded each cycle from the proceeds of the last one. That held until an early harvest in 2020 left it short of the stocking cost for the following season. The owner brought the file to the firm in March 2021 with audited accounts, an offtake contract with two processors and no borrowing history of any kind.

Approach

Commercial Finance wrote a borrowing base facility of US$23 million rather than a term loan. The base was verified biomass in the cages plus contracted receivables, at an advance rate of fifty-five per cent against biomass and eighty per cent against receivables. Availability moved with the count, not with a calendar.

Verification carried the facility. An independent marine surveyor appointed by the firm and paid by the borrower counted the biomass every month. Mortality above an agreed rate reduced availability in the same week it was recorded. Stock mortality cover and first-ranking security over the cages, the hatchery and the offtake contracts completed the package.

Pricing reflected the work rather than a premium for the sector as a whole. Administration sat with the Brisbane desk until the Port Louis hub opened in 2023, when the file and the surveyor relationship moved there. The borrower has dealt with the same two credit officers throughout the life of the facility.

Outcome

Peak utilisation reached US$20 million in the second cycle. Availability fell twice on mortality, both times inside the agreed band, and the borrower repaid to the base without asking for a waiver. No covenant was breached in three years and no interest payment was made late.

The facility was renewed in 2024 at US$34 million and now funds a second hatchery. Losses on the position are nil. The structure has been written twice since, once for a shellfish producer and once for a land-based operator, and it is now the divisional standard for marine lending across the region.

Figures

Measure	Value
Facility at signing	US$23 million
Advance rate against counted biomass	55 per cent
Facility at renewal in 2024	US$34 million

Colophon