

July 03, 2025

Sagar Grandhi Exports Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term / short term - Export Packing Credit	0.00	170.00	[ICRA]BBB+ (Stable)/[ICRA]A2; reaffirmed/assigned for enhanced amount
Short term – Foreign Bill Discounting	220.00	335.00	[ICRA]A2; reaffirmed/assigned for enhanced amount
Short term – Letter of Credit	0.00	10.00	[ICRA]A2; reaffirmed/assigned for enhanced amount
Long term – Term Loans	4.60	0.00	-
Short term – Export Packing Credit	160.00	0.00	-
Short term – Interchangeable Letter of Credit	(10.00)	0.00	-
Short term – Loan Equivalent Risk	9.00	0.00	-
Short term – Unallocated Limits	4.89	0.49	[ICRA]A2; ratings reaffirmed
Total	398.49	515.49	

*Instrument details are provided in Annexure-1

Rationale

The ratings reaffirmation on the bank lines of Sagar Grandhi Exports Private Limited (SGEPL) considers a healthy increase in the scale of operations in FY2025 and an expected sustained improvement in the operational and financial performance over the medium term, supported by the long experience of the promoters in the seafood industry spanning more than two decades and long relationships with its clientele, resulting in repeat orders. The ratings also consider the location-specific advantage enjoyed by SGEPL with its processing units in proximity to the major aquaculture belt of Andhra Pradesh, resulting in regular and easy availability of raw materials at a low landed cost. After witnessing a revenue decline in FY2023, the operating income of SGEPL has increased by 13.3% (CAGR) to Rs. 1,336.0 crore in FY2025 (provisional), driven by a rise in realisation and a modest increase in volumes. Besides, the operating margins have marginally improved by ~33 bps to 5.9% in FY2025 (provisional) with an increase in export realisations and moderation in raw material prices. The ratings also derive comfort from the financial risk profile of SGEPL, which is characterised by a comfortable gearing of 0.9 times as of March 31, 2025. However, the company's coverage indicators moderated to 2.9 times in FY2025 from 3.7 times in FY2024 due to an increase in interest cost with the revocation of the interest rate subvention benefit and an increase in working capital requirement due to extended credit offered to its customers and increased inventory stocking.

The ratings, however, remain constrained by the high working capital intensity of operations, caused by a high inventory holding and stretched receivable cycle. The ratings also remain constrained by SGEPL's exposure to high geographical concentration risk as the US contributed ~79% to its operating income in FY2025. The company is also vulnerable to high customer concentration risk as the top five customers accounted for ~86% of its operating income in 9M FY2025. SGEPL also remains exposed to forex fluctuation risks as more than 90% of its operating income is generated from the export markets. Nonetheless, the same is mitigated to an extent as it hedges 40-50% of its export receivables through a forward cover. The company also remains susceptible to any significant reduction in incentives by the Government of India (GoI) or adverse changes in the foreign trade policies of the importing nations, which may affect the business profiles of all domestic players in

the shrimp processing industry, including SGEPL. Besides, challenges prevail due to uncertainty over trade tariffs with the US. The ratings are also impacted by the fragmented nature of the industry, which limits SGEPL's pricing flexibility, thereby exerting pressure on its margins. Further, the company is susceptible to the inherent industry risks such as disease outbreaks and climate changes, which affect the quality of shrimp farmed.

Key rating drivers and their description

Credit strengths

Long experience of promoters in the seafood industry – Established in 1996, and promoted by the Grandhi family, SGEPL has been involved in the processing and exporting of seafood. SGEPL is run by Mr. Grandhi Balaji, Mr. Grandhi Srinivas, and Mr. Grandhi Chella Rao, who have long experience in the seafood industry. Over the years, the company has expanded its product portfolio by venturing into value-added shrimp, which yields higher margins. Extensive experience of the promoters has enabled SGEPL to develop established relationships with its customers. Repeat orders from the clients reflect acceptable product quality.

Benefits arising from location-specific advantages of the processing units – SGEPL's processing facilities are in proximity to the major aquaculture belt of Andhra Pradesh, ensuring continuous availability of raw materials at a low transportation cost. ICRA notes that around 95% of SGEPL's raw material requirement is met from Andhra Pradesh.

Financial risk profile characterised by comfortable capital structure – SGEPL's debt, primarily comprising working capital borrowings, has increased to Rs. 358.5 crore as of March 31, 2025 (provisional) compared to Rs. 175.4 crore as of March 31, 2024, due to an increase in working capital requirements. The working capital intensity increased to 50% in FY2025 from 40% in FY2024 due to the high inventory holding period as well as elongated receivable days with extended credit offered to its customers. The company also witnessed a moderation in the interest coverage to 2.9 times in FY2024 from 3.7 times due to an increase in working capital requirements and revocation of interest rate subvention by the GoI. Nevertheless, with a gradual moderation in working capital intensity and an increase in operating profit, the interest costs for the company are expected to moderate, going forward. SGEPL's tangible net worth continues to remain healthy (aided by sizeable accretion to reserves over the years), which kept the capital structure conservative, as reflected in TOL/TNW of 1.0 times as of March 31, 2025.

Healthy scale of operations – SGEPL's operating income improved by ~15% to Rs. 1,336.0 crore (provisional) in FY2025, driven by an increase in realisations and a modest rise in volume sales. SGEPL's scale of operations continues to remain at a sizeable level and the company is expected to sustain operational growth driven by improvement in demand in the key export markets over the medium term.

Credit challenges

Liquidity impacted by high working capital intensity – SGEPL's working capital intensity of operations continues to remain at an elevated level, characterised by a net working capital/OI of 50% in FY2025 (provisional) against 40% in FY2024. The entity's operation remains working capital intensive due to the high inventory holding period as well as elongated receivable days with extended credit offered to its customers. The high working capital intensity of operations has impacted SGEPL's liquidity position.

Exposed to high geographical and customer concentration risks – SGEPL remains exposed to significant geographical concentration risk as it derived ~79% of its operating income from the US market. Further, operating income derived from the top five customers stood at ~86% in 9M FY2025, indicating a high customer concentration risk. However, long relationships with the clientele mitigate delinquency risks to an extent.

Fragmented nature of the industry and inherent industry risks – Indian shrimp exporters face stiff competition from countries such as Ecuador, Indonesia and Vietnam in the export markets. Further, low entry barriers expose them to competition from other organised and unorganised players in the domestic market. Such intense competition limits SGEPL's bargaining power and pricing flexibility, exerting pressure on its margins. Moreover, SGEPL derives a major portion of its operating income from

processed shrimp. Therefore, the company's profit margins remain susceptible to volatility in shrimp realisations and raw shrimp prices, which in turn are driven by the demand-supply scenario. Any adverse agro-climatic conditions and natural calamities during the aqua-culture season may have a serious impact on the production of shrimps. Despite technical advancement, virus contamination in shrimps remains a risk.

Vulnerability to adverse changes in export incentives, international trade policies and forex movement risk – SGEPL, being an export-oriented entity, derived more than 90% of its operating income from the export market. Therefore, the company's profitability is supported by export incentives received from the Government of India (GoI). Any significant reduction in incentive by the GoI or adverse changes in the foreign trade policies of the importing nations (including imposition of additional duties like countervailing duty, reciprocal tariff, etc.) may affect the business profiles of all domestic shrimp processors, including SGEPL. The company also remains exposed to forex fluctuation risk although the same is mitigated to an extent as it hedges 40-50% of its exposure through forward cover.

Liquidity position: Adequate

The liquidity of the company remains adequate, supported by healthy cash flow from operations, a cash buffer of ~Rs. 10.6 crore and undrawn working capital limits of ~Rs. 148.5 crore as on March 31, 2025. The average working capital utilisation over the last 12 months ending in May 2025 stood at ~83% of the sanctioned working capital limit of Rs. 505.0 crore. The entity has no major capital expenditure plans and has minimal repayment obligation of ~Rs. 2.0 crore in FY2026.

Rating sensitivities

Positive factors – ICRA may upgrade SGEPL's ratings if there is a significant decline in the working capital intensity, leading to an improvement in the overall liquidity position.

Negative factors – Pressure on SGEPL's ratings may arise if the working capital intensity of operations worsens, affecting the liquidity position of the company. Specific metrics that could lead to ratings downgrade include an interest coverage of less than 3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	NA
Consolidation/Standalone	The ratings are based on the standalone financials of the company.

About the company

Established in 1996, Sagar Grandhi Exports Private Limited (SGEPL) is involved in processing and exporting of seafood from India. The company was promoted by Late G. Venkateswara Rao. The business is now managed by his sons, Mr. G. Balaji, Mr. G. Chella Rao, and Mr. G. Srinivas. The company has two processing facilities in Andhra Pradesh with an overall capacity of 144 metric tonnes per day. The company sources a major part of its raw materials from Andhra Pradesh. The US remains the major export destination for SGEPL.

Key financial indicators

Standalone	FY2024 (Audited)	FY2025 (Provisional)
Operating income (Rs. crore)	1161.5	1336.0
PAT (Rs. crore)	27.0	37.9
OPBDIT/OI	5.5%	5.9%
PAT/OI	2.3%	2.8%
Total outside liabilities/Tangible net worth (times)	0.5	1.0
Total debt/OPBDIT (times)	2.7	4.6
Interest coverage (times)	3.7	2.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	FY2026	FY2025		FY2024		FY2023	
			July 03, 2025	Date	Rating	Date	Rating	Date	Rating
Export Packing Credit	Long-term/ Short-term	170.00	[ICRA] BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-
Foreign Bill Discounting	Short-term	335.00	[ICRA]A2	19-Aug-2024	[ICRA]A2	03-Jul-2023	[ICRA]A2	09-Jun-2022	[ICRA]A2
Letter of Credit	Short-term	10.00	[ICRA]A2	-	-	-	-	-	-
Term Loans	Long-term	0.00	-	19-Aug-2024	[ICRA]BBB+ (Stable)	03-Jul-2023	[ICRA]BBB+ (Stable)	09-Jun-2022	[ICRA]BBB+ (Stable)
Export Packaging Credit	Short-term	0.00	-	19-Aug-2024	[ICRA]A2	03-Jul-2023	[ICRA]A2	09-Jun-2022	[ICRA]A2
Letter of Credit	Short-term	0.00	-	-	-	03-Jul-2023	[ICRA]A2	09-Jun-2022	[ICRA]A2
Loan Equivalent Risk	Short-term	0.00	-	19-Aug-2024	[ICRA]A2	03-Jul-2023	[ICRA]A2	09-Jun-2022	[ICRA]A2
Interchangeable Letter of Credit	Short-term	0.00	-	19-Aug-2024	[ICRA]A2	-	-	-	-
Unallocated Limits	Short-term	0.49	[ICRA]A2	19-Aug-2024	[ICRA]A2	03-Jul-2023	[ICRA]A2	09-Jun-2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Export Packing Credit	Simple
Foreign Bill Discounting	Simple
Letter of Credit	Very Simple

Unallocated Limits

NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
--	Export Packing Credit	--	--	--	170.00	[ICRA]BBB+ (Stable)/[ICRA]A2
--	Foreign Bill Discounting	--	--	--	335.00	[ICRA]A2
--	Letter of Credit	--	--	--	10.00	[ICRA]A2
--	Unallocated Limits	--	--	--	0.49	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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