

May 22, 2026

## Sagar Grandhi Exports Private Limited: Ratings reaffirmed, removed from Rating Watch with Negative Implications and Stable outlook assigned; rated amount enhanced

### Summary of rating action

| Instrument*   | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action  |
|---|--------------------------------------|-------------------------------------|--|
| Long-term-Fund-based-Term loan                        | 0.00                                 | 52.34                               | [ICRA]BBB+ (Stable); Assigned  |
| Short-term-Unallocated limits                         | 0.49                                 | 0.00                                | -  |
| Short-term-Non-fund based-Letter of credit            | 10.00                                | 10.00                               | [ICRA]A2; Reaffirmed and removed from Rating Watch with Negative Implications  |
| Short-term-Non-fund based-Bank guarantee              | 0.00                                 | 18.15                               | [ICRA]A2; Assigned   |
| Long-term/Short-term-Fund-based-Export packing credit | 170.00                               | 170.00                              | [ICRA]BBB+(Stable) Reaffirmed and removed from Rating Watch with Negative Implications and stable outlook assigned / [ICRA]A2; Reaffirmed and removed from Rating Watch with Negative Implications |
| Short-term-Fund-based-Export bill discounting         | 335.00                               | 315.00                              | [ICRA]A2; Reaffirmed and removed from Rating Watch with Negative Implications  |
| <b>Total</b>  | <b>515.49</b>                        | <b>565.49</b>                       |  |

\*Instrument details are provided in Annexure II

### Rationale

In September 2025, the ratings of Sagar Grandhi Exports Pvt Ltd (SGEPL) were placed on rating watch with negative implications following the US government's imposition of an ad valorem duty of 25% on select Indian goods, pushing the effective tariff burden (including countervailing and anti-dumping duty) to 58.3%. This placed Indian exporters at a disadvantage compared to competing countries.

The rating action considers the expected improvement in SGEPL's performance over the near to medium term, supported by the reduction in US tariff rates to 19.8% (including anti-dumping duty) from February 2026, compared to the peak levels seen in the preceding months. The recovery in performance over the near to medium term remains supported by the promoters' extensive experience in the seafood industry spanning more than two decades, long relationships with clientele, the location-specific advantage enjoyed by SGEPL due to its processing units in proximity to the major aquaculture belt of Andhra Pradesh, ensuring regular and easy availability of raw materials at a low landed cost, and a comfortable capital structure. However, the ongoing West Asia crisis and its impact on shipping costs, which affect SGEPL's profitability, along with other geopolitical developments, remain key monitorables. SGEPL's operating income is estimated to have declined by around 12% (on a YoY basis) to Rs. 1,185.0 crore in FY2026 due to a 23% reduction in export volumes following higher tariffs. However, an increase in average realisation to Rs. 994.0 per kg in 9M FY2026 compared to Rs. 765.0 per kg in FY2025, including the tariff component, averted a steeper decline in revenue. Besides, the operating margin is estimated to have contracted by 214 bps (YoY) to around 5.0% in FY2026. The moderation in operating margins resulted in weaker coverage indicators, with the interest coverage ratio and TD/OPBDITA estimated to have moderated to 2.2 times and 4.9 times, respectively, in FY2026 compared to 3.6 times and 3.7 times, respectively, in FY2025. The ratings also derive comfort from SGEPL's financial risk profile, characterised by comfortable gearing of 0.7 times as of March 31, 2026 (estimated). Following the moderation in performance witnessed in

FY2026, healthy recovery in sales volumes is expected in FY2027. This is likely to support an improvement in profitability and coverage indicators over the medium term.

The ratings, however, remain constrained by the working capital-intensive nature of operations due to high inventory holding and the credit extended to customers. SGEPL's ratings are also constrained by high geographical concentration, with the US accounting for 81% of revenues in 9M FY2026, and significant customer concentration, with the top five customers contributing 85%. Besides, the company remains exposed to forex fluctuation risks, as more than 90% of its operating income is generated from export markets. In the past, the entity hedged around 40-50% of its export receivables through forward covers. However, owing to recent trends of a depreciating rupee, the entity stopped hedging its forex exposure and intends to resort back to regular hedging practice in future. Also, the company remains susceptible to any reduction in incentives by the Government of India (GoI) or adverse changes in the foreign trade policies of importing nations. The ratings are further constrained by the fragmented nature of the industry, which limits SGEPL's pricing flexibility and exerts pressure on margins. The company also remains susceptible to inherent industry risks such as disease outbreaks and climate change, which affect the quality of farmed shrimp.

The Stable outlook on the long-term rating reflects ICRA's expectation that SGEPL is likely to report healthy improvement in its scale of operations and profitability. Further, the outlook underlines ICRA's anticipation that the entity's incremental capital expenditure (capex), if any, will be funded in a manner that enables it to durably maintain debt protection metrics commensurate with the existing rating.

## 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 export of seafood. SGEPL is managed by Mr. Grandhi Balaji, Mr. Grandhi Srinivas, and Mr. Grandhi Chella Rao, who possess extensive experience in the seafood industry. Over the years, the company has expanded its product portfolio by venturing into value-added shrimp products, which yield higher margins. Extensive experience of the promoters has enabled SGEPL to develop established relationships with its customers. Repeat orders from 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 low transportation costs. ICRA notes that around 90% of SGEPL's raw material requirements are sourced from Andhra Pradesh.

**Financial risk profile characterised by comfortable capital structure** – SGEPL has a healthy capital structure, and its gearing stood at 0.9 times as on March 31, 2025, and is estimated to have witnessed marginal improvement in FY2026 aided by an increase in retained earnings. Nevertheless, the company's healthy tangible net worth, aided by sizeable accretion to reserves over the years, kept the capital structure conservative, as reflected in a TOL/TNW of 0.9 times as on March 31, 2025. The interest coverage ratio is estimated to have moderated to around 2.2 times in FY2026 (against 3.6 times in FY2025) due to the reduction in operating margins, while interest costs remained broadly at FY2025 levels. The entity has minimal term loan obligations, and its DSCR is estimated to remain comfortable in FY2026. The total debt/OPBDITA is estimated to have moderated to 4.9 times in FY2026 compared to 3.7 times in FY2025 owing to lower operating margins, although recovery is expected in FY2027.

**Healthy scale of operations** – SGEPL's operating income is estimated to have declined by around 12% (on a YoY basis) to Rs. 1,185.0 crore in FY2026 due to a 23% decline in export volumes following higher tariffs. However, the increase in average realisation to Rs. 994.0 per kg in 9M FY2026 from Rs. 765.0 per kg in FY2025, including the tariff component, prevented a steeper decline in revenue. Although SGEPL's scale of operations moderated in FY2026, it remained healthy and is expected to recover over the near to medium term, aided by lower US tariffs from February 2026 and anticipated improvement in demand across key export markets.

## Credit challenges

**Working capital intensive nature of operations** - SGEPL's working capital intensity continues to remain elevated, characterised by net working capital/OI of around 47% in FY2026 against 40% in FY2024. The entity's operations remain working capital intensive due to the high inventory holding period as well as elongated receivable days with extended credit offered to customers.

**Exposed to high geographical and customer concentration risks** - SGEPL remains exposed to significant geographical concentration risk as it derived 81% of its operating income from the US market. Further, operating income derived from the top five customers stood at 85% in 9M FY2026, 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 is 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 shrimp production of shrimps. Despite technical advancements, virus contamination in shrimps remains a risk.

**Vulnerability to adverse changes in export incentives, tariffs, 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 reduction in incentives 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 previously availed loans in foreign currency and hedged 40-50% of its exposure. For the remaining exposure, the company used forward contracts. However, owing to recent trends of a depreciating rupee the entity has stopped hedging its forex exposure and intends to resort back to regular hedging practice in future.

## Liquidity position: Adequate

SGEPL's liquidity position is expected to remain adequate, supported by healthy cash flow from operations, free cash and liquid investments of Rs. 56.1 crore as on March 31, 2026, and undrawn working capital limits of around Rs. 240.7 crore in March 2026. The average utilisation of the fund-based working capital limits stood at around 64% of the sanctioned limit of Rs. 485.0 crore during the 12 months ending March 2026. Against these cash sources, SGEPL has term loan repayment obligations of Rs. 4.2 crore in FY2027 and Rs. 16.7 crore in FY2028, and is likely to incur capex of Rs. 20-30 crore across FY2027 and FY2028, funded through internal accruals.

## Rating sensitivities

**Positive factors** – ICRA may upgrade SGEPL's ratings if there is a healthy and sustained increase in profitability, along with improvement in the liquidity profile and debt protection metrics.

**Negative factors** – Pressure on SGEPL's ratings may arise if the working capital intensity of operations worsens, affecting the company's cash flows and liquidity position. 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 | <a href="#">Corporate Credit Rating Methodology</a>                |
| Parent/Group support            | Not applicable   |
| Consolidation/Standalone        | The ratings are based on the standalone financials of the company. |

## About the company

Established in 1996, 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. SGEPL 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 (audited)

| SGEPL (Standalone)                                   | FY2024  | FY2025  |
|--|---------|---------|
| Operating income                                     | 1,161.5 | 1,346.3 |
| PAT  | 27.0    | 48.1    |
| OPBDITA/OI   | 5.5%    | 7.2%    |
| PAT/OI   | 2.3%    | 3.6%    |
| Total outside liabilities/Tangible net worth (times) | 0.5     | 0.9     |
| Total debt/OPBDITA (times)                           | 2.7     | 3.7     |
| Interest coverage (times)                            | 3.7     | 3.6     |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: 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 ratings (FY2027) |                          |                               | Chronology of rating history for the past 3 years |                               |             |                     |             |                     |
|----------------------------------|--------------------------|--------------------------|-------------------------------|---|-------------------------------|-------------|---------------------|-------------|---------------------|
|                                  | Type                     | Amount Rated (Rs. crore) | May 22, 2026                  | FY2026  |                               | FY2025      |                     | FY2024      |                     |
|                                  |                          |                          |                               | Sept 23, 2025                                     | July 03, 2025                 | Date        | Rating              | Date        | Rating              |
| Export packing credit            | Long-term/Short-term     | 170.00                   | [ICRA] BBB+ (Stable)/[ICRA]A2 | [ICRA]BBB+; @/[ICRA]A2; @                         | [ICRA] BBB+ (Stable)/[ICRA]A2 | -           | -                   | -           | -                   |
| Foreign bill discounting         | Short-term               | 315.00                   | [ICRA]A2                      | [ICRA]A2; @                                       | [ICRA]A2                      | 19-Aug-2024 | [ICRA]A2            | 03-Jul-2023 | [ICRA]A2            |
| Letter of credit                 | Short-term               | 10.00                    | [ICRA]A2                      | [ICRA]A2; @                                       | [ICRA]A2                      | -           | -                   | -           | -                   |
| Term loans                       | Long-term                | 52.34                    | [ICRA]BBB+ (Stable)           | -   | -                             |             |                     |             |                     |
| Bank guarantee                   | Short-term               | 18.15                    | [ICRA]A2                      | -   | -                             |             |                     |             |                     |
| Term loans                       | Long-term                | 0.00                     | -                             | -   | -                             | 19-Aug-2024 | [ICRA]BBB+ (Stable) | 03-Jul-2023 | [ICRA]BBB+ (Stable) |
| Export packaging credit          | Short-term               | 0.00                     | -                             | -   | -                             | 19-Aug-2024 | [ICRA]A2            | 03-Jul-2023 | [ICRA]A2            |
| Letter of credit                 | Short-term               | 0.00                     | -                             | -   | -                             | -           | -                   | 03-Jul-2023 | [ICRA]A2            |
| Loan equivalent risk             | Short-term               | 0.00                     | -                             | -   | -                             | 19-Aug-2024 | [ICRA]A2            | 03-Jul-2023 | [ICRA]A2            |
| Interchangeable letter of credit | Short-term               | 0.00                     | -                             | -   | -                             | 19-Aug-2024 | [ICRA]A2            | -           | -                   |
| Unallocated limits               | Short-term               | 0.00                     | -                             | [ICRA]A2; @                                       | [ICRA]A2                      | 19-Aug-2024 | [ICRA]A2            | 03-Jul-2023 | [ICRA]A2            |

@ : Rating Watch with Negative Implications

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument   | FSR  |
|---------|--|------|
| 1       | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)                     | SEBI |
| 2       | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)                 | MCA  |
| 3       | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)                     | SEBI |
| 4       | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)                 | SEBI |
| 5       | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)                   | RBI  |
| 6       | Listed Commercial Paper and NCDs with original maturity less than 1 year                             | RBI  |
| 7       | Unlisted Commercial Paper and NCDs with original maturity less than 1 year                           | RBI  |
| 8       | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)                               | RBI  |
| 9       | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI  |
| 10      | Certificates of Deposit  | RBI  |
| 11      | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs   | RBI  |

|    |  |  |
|----|--|--|
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis                 | MCA  |
| 13 | Inter Corporate Deposits/Loans extended by Corporates                                  | MCA  |
| 14 | Listed Security Receipts   | SEBI   |
| 15 | Unlisted Security Receipts   | RBI  |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name  | FSR  |
|---------|--|------|
| 1       | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)  | SEBI |
| 2       | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs  | SEBI |
| 3       | Independent Credit Evaluation (ICE)  | RBI  |
| 4       | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)   | RBI  |
| 5       | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))                             | SEBI |
| 6       | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))                          | MCA  |
| 7       | Credit Rating of Borrowing programme   | (@)  |
| 8       | Issuer Ratings   | (#)  |
| 9       | Monitoring Agency  | SEBI |
| 10      | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA   |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

| Instrument  | Complexity indicator |
|---|----------------------|
| Long-term-Fund-based-Term loan                        | Simple               |
| Short-term-Non-fund based-Letter of credit            | Simple               |
| Short-term-Non-fund based-Bank guarantee              | Simple               |
| Long-term/Short-term-Fund-based-Export packing credit | Simple               |
| Short-term-Fund-based-Export bill discounting         | Simple               |

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 II: Instrument details

| ISIN | Instrument name          | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook     |
|------|--------------------------|------------------|-------------|----------|--------------------------|--------------------------------|
| NA   | Export packing credit    | NA               | NA          | NA       | 170.00                   | [ICRA]BBB+(Stable) / [ICRA]A2; |
| NA   | Foreign bill discounting | NA               | NA          | NA       | 315.00                   | [ICRA]A2                       |
| NA   | Letter of credit         | NA               | NA          | NA       | 10.00                    | [ICRA]A2                       |
| NA   | Bank guarantee           | NA               | NA          | NA       | 18.15                    | [ICRA]A2                       |
| NA   | Term loan                | NA               | NA          | NA       | 52.34                    | [ICRA]BBB+(Stable)             |

Source: Company

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

#### Annexure III: List of entities considered for consolidated analysis - Not Applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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### Branches



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