

## BMR Exports

March 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Short-term bank facilities	72.00 (Enhanced from 40.00)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Rating assigned to bank facilities of BMR Exports (BMRE) continues to derive strength from vast experience of its promoter in aquaculture, shrimp processing and export business, integrated operations at group level and long track record of operations.

However, the rating is constrained by working capital intensive operations with elongated operating cycle, profit margins susceptible to raw material price volatility, regulatory and seasonality risk associated with seafood industry and foreign exchange fluctuation.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growing scale of operation above ₹200 crore, while maintaining stable operating margins above 6%.
- Improving overall gearing below 1.50x.

#### Negative factors

- Significant capital withdrawal or debt-funded capex leading to deteriorating overall gearing upwards of 1.90x.
- Moderating profitability marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins dropping below 4.00% on a consistent basis.
- Elongating working capital cycle beyond 160 days, resulting in deteriorating liquidity position.

**Analytical approach:** Standalone

### Detailed description of key rating drivers:

#### Key strengths

##### Vast experience of the promoter and accredited processing facilities of the group

BMRE's proprietor, B Masthan Rao, has been associated with the aquaculture business for over two decades. He started with a prawn hatchery in 1991 and set up an integrated seafood plant in 2007. The group has grown to 11 hatcheries, 1,000 hectares of farming, on-site labs for microbiological and antibiotic analysis, feed mills and a processing plant covering 50,000 square feet (sq ft) in Damavaram, Nellore, Andhra Pradesh.

##### Integrated business operations in the aquaculture zone

The group's processing plant is in the prime aquaculture zone at Damavaram, Nellore, Andhra Pradesh, enabling procurement of raw material and process them in short time. The group mainly purchases raw materials from farmers operating in local proximity and coastal Andhra Pradesh. BMR also procures from Maharashtra, Orissa, West Bengal, and Gujarat. The group also has its own ice production facility to store its products. A full integration and presence across the value chain as a group gives the firm a competitive advantage. BMRE has been processing its shrimps through the group entity on job work basis. In FY25, BMRE has taken a processing facility with 2000 metric tonne per annum (MTPA) capacity on lease in Odisha and ~20% of the overall sales processed through the leased unit in 9MFY25.

##### Moderated financial performance in FY24; albeit improved in 9MFY25

BMRE is the group's export arm. Historically, the firm's majority revenues come from exports to the US market. In FY24, ~54% revenue was earned from exports to USA followed by 11% from exports to UAE. The firm is now focusing more on Japan market considering the better pricing and lower transit time. BMRE's total operating income (TOI) remained flat at ₹134.31 crore against ₹135.23 crore in FY23. The PBILDT margin has declined to 3.57% in FY24 against 5.23% in FY23 due to losses incurred in the hatcheries division because of disease impact in Q4FY24. In the current year, the hatcheries division has stabilised and the firm has posted TOI of ₹105.55 crore with improved margin of 6.10% in 9MFY25.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Key weaknesses

### Moderately leveraged capital structure and elongated operating cycle

The capital structure marked by BMRE's overall gearing has improved to 1.09x as on March 31, 2024 (PY:1.67x), considering capital infusion from the promoter. Other debt coverage indicators also stayed moderate with interest coverage ratio of 1.50x (PY: 2.64x) and total debt to gross cash accrual (TD/GCA) of 25.38 years (PY:11.70 years) as on March 31, 2024, considering impact in profitability. The firm's operating cycle moderated to 153 days (PY:131 days) in FY24 due to higher inventory and collection period as on March 31, 2024. The inventory position was higher resulting from deferred sales due to container shortages and receivables has been higher as more sales was made in Q4FY24 and credit period being 90 days. Though the collection days improved as on December 31, 2024, the inventory position continues to remain high due to higher seasonal procurement in this period. Subsequent elongation in operating cycle resulting to a stretched liquidity will remain a key rating monitorable.

### Inherent capital withdrawal risk

Due to proprietorship constitution, the firm is exposed to inherent capital withdrawal risk. There has been capital withdrawal in the past. Substantial capital withdrawals would impact net worth and eventually the firm's financial profile. Significant capital withdrawal would be a critical factor and monitorable from a credit perspective.

### Regulatory risk and seasonality associated with seafood industry

Aqua cultured shrimps are seasonal, and the crop is harvested twice a year from July-August and October-December, so the company has to regularly maintain stocks of finished goods, resulting in high working capital. A variety of lethal, viral, and bacterial diseases affect shrimp, hence, taking care of farmed shrimp is important. Government policies keep varying depending on macro-economic factors such as anti-dumping duties (ADD), and inflation among others increasing expenses in the seafood industry. The group is also susceptible to fluctuation in foreign currency exchange, affecting profitability. As a policy, the company hedges the extent of PCFC and foreign bills on discount, mitigating forex risk to an extent.

### Liquidity – Stretched

Liquidity of the firm is stretched, marked by elongation in operating cycle affecting liquidity position. The working capital utilisation remains higher with average utilisation of 99.70% for the last 12 months ending December 2024. However, the firm has enhanced limits by ₹10 crore in February 2025 over and above the enhanced limits of ₹62.00 crore in September 2024. With gearing estimated to moderate to 1.7-1.8x in the near term considering higher working capital outstanding the firm has lesser gearing headroom to raise additional bank limits. The operating cycle has moderated to 153 days for FY24 (PY:131 days) on the back of higher inventory and receivables position. The operating cycle is expected to remain at 150-190 levels for the medium term as the company is holding higher inventory as it has commissioned a processing facility of 2000MT and expecting higher sales in the near term.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Seafood

BMRE is part of the BMR group (BMR), established by B Masthan Rao in 1991. BMRE is a proprietorship concern of B Masthan Rao established in 2007 and the export wing of BMR group, engaged in exporting wide range of products from raw shrimp, cooked shrimp, and value-added products under their brands – BMR Classic and BMR Gold. The group has a 65 hectares shrimp farm at Nellore with an annual capacity to produce 1,600 MTPA shrimp. The group is one of the few vertically integrated players in the industry with presence across the entire shrimp value chain from hatcheries to exports.

Brief Financials (₹ crore)	FY22(A)	FY23(A)	FY24(A)	9MFY25(UA)
Total operating income	132.47	135.23	134.31	105.55
PBILDT	4.33	7.07	4.79	6.44
PAT	3.74	2.7	0.07	1.74
Overall gearing (times)	1.84	1.67	1.09	1.73
Interest coverage (times)	1.36	2.64	1.50	2.43

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	72.00	CARE A3

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Packing Credit in Foreign Currency	ST	72.00	CARE A3	-	1)CARE A3 (30-Jan-24)	1)CARE A3 (04-Jan-23)	1)CARE A3 (11-Mar-22) 2)CARE A3 (07-Apr-21)
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	-	-	-	-	-	1)Withdrawn (11-Mar-22) 2)CARE A3 (07-Apr-21)

ST: Short term;

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Packing Credit in Foreign Currency	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

## Contact us

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