

Sailganga Eu Exports

July 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Bank Facilities	20.00 (Enhanced from 15.00)	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the rating assigned to the bank facilities of Sailganga EU Exports continue to remain constraint due to small scale of operations with thin profitability, moderate capital structure, weak debt coverage indicators and stretched liquidity position of the firm. The ratings, further, also constrained by the competitive nature of the industry coupled with regulatory risks and seasonality associated with the seafood industry partnership nature of constitution and the foreign exchange fluctuation risk. The ratings, however, derived strength from the firm's experienced promoters with an established track record of operations and the presence of the firm in the proximity to raw material procurement area, moderate capital structure and debt coverage indicators. The firms established relationship with its diverse customer base also provided strength to its ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with TOI exceeding ₹75 crore on sustained basis.
- Improvement in debt coverage indicators marked by interest coverage exceeding 3 times with TD/GCA falling below 10 times on a sustained basis.

Negative factors

- Deterioration in capital structure with overall gearing exceeding 2.00x on sustained basis.
- Elongation of working capital cycle to more than 120 days leading to deterioration in liquidity position.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with thin profitability

The scale of operations of the firm remained small and fluctuating during past five years ended FY25. The TOI improved by 12.86% and stood at ₹64.50 crore in FY25 vis-à-vis ₹57.15 crore in FY24. The small scale of operations deprives firm from the benefits of economies of scale and restricts the financial flexibility of the company in times of stress. The sales in FY24 experienced a decline due to red-sea crisis, which caused delays and forced carrier ships to reroute through Africa. In FY25, the sales had pickup due to improvement in demand from existing customers but were constrained due to frequent disruptions due weather conditions in October and November 2024, leading to reduced fishing activity carried out in that period. During these periods, the firm managed its raw material requirements by procuring raw materials from Maharashtra. As a result, the firm has been able to increase its sales in FY25 over FY24. During 3MFY26 (refers to April 01, 2025, to June 15, 2025), the firm has achieved net sales of ₹25.00 crore as compared to sales of ₹ 12.54 crore in 3MFY25 (refers to April 01, 2024, to June 24, 2024). The tangible networth stood low at ₹10.40 crore as on March 31, 2025 (₹9.99 crore as on March 31, 2024), which deprives firm from the benefits of economies of scale and restricts the financial flexibility of the company in times of stress.

The PBILDT margin continued to remain thin and the same has slightly improved to 2.40% in FY25 vis-à-vis 2.25% in FY24. In line with the PBILDT margins, the PAT margins also improved but remained thin at 0.84% in FY25 vis-à-vis 0.38% in FY24.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Moderate capital structure and weak debt coverage indicators

The capital structure of SEE slightly improved however remain moderate marked by an overall gearing of 1.27 times as on March 31, 2025, as against 1.41 times as on March 31, 2024. The same has primarily improved due to marginal improvement in networth base coupled with a decline in utilization of its working capital limits as on balance sheet date. Similarly, the debt coverage indicators marked by total debt to gross cash accruals showed improvement albeit stood weak at 14.90x in FY25, as against 25.54x in FY24. Further, interest coverage also improved and stood moderate at 2.12x in FY25 as against 1.72x in FY24 due to a marginal improvement in PBILDT levels led by growth in TOI, with similar level of interest costs.

Working capital intensive nature of operations

The entity's operations are working capital intensive as reflected by Gross Current Asset period and working capital cycle of 182 days and 90 days respectively during FY25 (PY: 179 days and 110 days). Working capital cycle has reduced on account of reduction in inventory holding period and stable receivable period. Inventory holding period was moderately high while the same has improved to 76 days in FY25 (PY: 120 days). Receivable period was moderately high at 73 days (PY: 69 days) during FY25. The creditors period stood moderately high albeit improved to 59 days in FY25 (PY: 78 days) due to reduction in inventory period.

Foreign exchange fluctuation risk

SEE does very high exports of 95.62% of the total revenue in FY25 (vis-à-vis 98.16% in FY24). Thus, it exposed to significant foreign exchange fluctuation risk. This overall structure does not provide any natural hedge in absence of import. From the hedging perspective, it has partial hedging policy and hedges its risk through forward contracts. Accordingly, the profit margins of SEE remain susceptible to the adverse or favorable movement in forex rate, which had been highly volatile in the past. The firm has witnessed foreign currency fluctuation gain of ₹ 0.88 crore in FY25 (vis-à-vis ₹ 0.65 crore in FY24).

Partnership nature of constitution

As a partnership firm, SEE faces the inherent risk of partners withdrawing their capital during personal contingencies or the firm dissolving due to the death, retirement, or insolvency of partner There was capital withdrawal of ₹ 0.13 crore in FY25 against capital withdrawal of ₹ 0.11 crore in FY24.

Competitive nature of the industry coupled with regulatory risks and seasonality associated with the seafood industry

Seafood is a depleting commodity; the increased severity of regulations on excessive fishing has rendered supply more irregular. SEE procures its raw material requirement primarily from Gujarat, which exposes it to risks of regional concentration as well. Besides, fish procurement is seasonal, with the fishing season lasting from September to May; hence the firm has to stock fish 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. Further, processed sea food industry is highly competitive with the presence of a large number of Indian players as well as players from other Southeast Asian countries. Further, export of sea food is highly regulated, as exporters of sea food must meet various regulations imposed by importing nations as well as imposed by the Indian government.

Key strengths**Experienced promoters**

Mr. Lakhambhai Bhensala looks after the overall operations of the firm. He holds more than four decades of experience in the seafood industry and is the founder of the 'Gopal Group'. He is supported by Mr. Narendrabhai Bhensala (B.F.Sc.) and Mr. Gopalbhai Bhensala (B.P.T., MBA) who both hold over five years of experience and are responsible for managing the overall operations of the SEE. Mr. Dhirajbhai Bhensala has an experience of over a decade in the industry and is responsible for managing the purchasing department in SEE.

Established track record of operations

SEE boasts an operational track record spanning over 19 years. The firm's core activities revolve around seafood processing and export. It acquires raw seafood, undertakes cleaning, chopping, baking, sorting and packaging processes, and subsequently sells the finished products in foreign markets. Notably, SEE obtained British Retail Consortium (BRC) certification in 2010—a credential that provides a competitive edge. With this certification, the firm can directly supply ready-to-eat seafood products to European supermarkets and malls. SEE's export destinations include European union countries like Italy, Spain, Portugal, United Kingdom, Greece, France etc. and to USA. Additionally, the partners have cultivated robust relationships with local suppliers for more than a decade, enabling them to secure repeat orders consistently.

Proximity to raw material procurement area

SEE is located at Veraval, Gujarat, i.e. on the Indian West Coastal line which is a rich source of various varieties of fish such as Squids, Cuttle Fish, Shrimps, Pomfrets, Ribbonfish, Croaker, Snappers, Reefcod, Tuna (Yellowfin, Skipjack, Long tail, Bonito), Barracuda, Hilsa, Mackerel, Crabs etc. SEE makes all the required purchases related to fish from local fisherman as well as from dealers and agents.

Established relationship with its moderately diverse customer base and supplier base

SEE has a moderately diversified customer base with exposure to foreign markets in U.K. and European union countries like Italy, Spain, Portugal, United Kingdom, Greece, France etc. The exports accounted to 95.62% of the total sales in FY25 vis-à-vis 98.16% of the total sales in FY24. The top 10 customer account to 78.39% of the total sales in FY25. While the top-most customer contributed 22.11% of revenue for FY25 (20.58% in FY24) leading to a customer concentration risk. The supplier base of SEE also remained diverse with Top 10 suppliers contributing to 31.68% of the total purchases in FY25 (PY: 17.11%).

Liquidity: Stretched

The firm has availed fund-based working capital facility from the bank which utilized at around 75-80% on an average basis for the past 12 months ended May-2025. The firm has enhanced its limits from ₹15.00 crore in FY24 to ₹20.00 crore in FY25, to meet the working capital requirements of the firm. SEE has a cash & bank balance of ₹0.68 crore as on March 31, 2025, vis-à-vis ₹1.09 crore on March 31, 2024. The gross cash accruals expected to be sufficient as against the debt repayment obligations of ₹0.14 crore in FY26. The current ratio remained moderate at 1.33 times as on March 31, 2025, as against 3.11 times as on March 31, 2024. Moreover, cash flow from Operations (CFO) stood positive at ₹1.50 crore in FY25 as against ₹3.79 crore during FY24.

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

Veraval (Gujarat) based Sailganga Eu Exports (SEE) is a partnership firm which was promoted by Bhensala family in 2006. SEE is engaged into processing and export of seafood mainly shrimp, cuttlefish, and octopus. It has an installed capacity of 68 Tons per day as on March 31, 2025, with an average capacity utilization of 70-75% in FY25. Majority of the purchases is from local market and sales is primarily in form of exports to European union countries like Italy, Spain, Portugal, United Kingdom, Greece, France etc. and also to USA, which contributed to 95.62% of the total sales in FY25 vis-à-vis 98.16% in FY24. SEE belongs to 'Gopal Group' and other group companies are Gopal Sea Foods (rated CARE A4), Jagdish Marine Exports (rated CARE A4), Gopal Fisheries, Kanaiya Marine Exports which are into same line of business.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	57.15	64.50
PBILDT	1.28	1.55
PAT	0.22	0.54

Overall gearing (times)	1.41	1.27
Interest coverage (times)	1.72	2.12

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 Indian rupee		-	-	-	20.00	CARE A4

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 2025-2026	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
1	Fund-based - ST-Packing Credit in Indian rupee	ST	20.00	CARE A4	-	1)CARE A4 (03-Jul-24)	1)CARE A4 (11-Aug-23)	1)CARE A4 (10-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/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 Indian rupee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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