Gopal Sea Foods

July 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Short Term Bank Facilities	9.00	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 Gopal Sea Foods (GSF) continues to be constrained by small scale of operations and thin profitability, competitive nature of the industry coupled with regulatory risks and seasonality associated with the seafood industry. The rating is further constrained by its constitution as a proprietorship firm and foreign exchange fluctuation risk.

The ratings, however, derived strength from experienced proprietor along with established track record of operations, the presence of the firm in the proximity to raw material procurement area, comfortable capital structure and debt coverage indicators. The diverse customer & supplier base also provides strength to its ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with TOI exceeding ₹100 crore along with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin exceeding 5%.
- Sustaining below unity overall gearing and improvement in debt coverage indicators marked by interest coverage exceeding 5 times.

Negative factors

- Decline in scale of operations with total operating income exceeding ₹ 30.00 crore
- Deterioration in overall gearing exceeding 1.25x with interest coverage below 2x on a sustained basis
- Elongation of operating cycle to more than 150 days, putting pressure on liquidity.

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 GSF as marked by its Total Operating Income (TOI) registered a decline of 22.32% from ₹38.97 crore in FY24 to ₹30.27 in FY25, owing mainly due restrictions in fishing activities in October and November 2025 due to adverse weather conditions. Consequently, procurement during this period declined significantly. As a result, sales declined during this period. During 3MFY26 (refers to April 01, 2025, to June 25, 2025), the entity achieved net sales of ~₹8.00 crore as compared to sales of ₹ 8.84 crore in 3MFY25 (refers to April 01, 2024, to June 24, 2024). Furthermore, the scale of operations continues to remain small marked by tangible networth of ₹12.30 crore as on March 31, 2025 (vis-à-vis ₹11.93 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 profitability margins for GSF improved as marked by PBILDT margin stood at 3.52% in FY25 vis-à-vis 2.26% in FY24, due to the decline in freight charges from FY24 levels, coupled with lower prices of key raw materials. In line with PBILDT margin, the PAT margin also improved marginally to 1.16% in FY25 from 1.03% in FY24. As a result of decline in TOI coupled with improved profitability margins, the gross cash accruals stood in line with previous year at ₹ 0.76 crore in FY25 vis-à-vis ₹ 0.79 crore in FY24.

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

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. GSF 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 entity 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.

Constitution as a proprietorship firm

GSF being a proprietorship firm is exposed to inherent risk of proprietor's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowings as credit worthiness of promoter would be key factors affecting credit decision for lenders. There was no capital withdrawal in FY25 against capital withdrawal of ₹ 0.06 crore in FY24.

Foreign exchange fluctuation risk

GSF does very high exports of 85.58% of the total revenue in FY25 (vis-à-vis 82.50% 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 GSF remains susceptible to the adverse or favorable movement in forex rate, which had been highly volatile in the past. The entity has witnessed foreign currency fluctuation gain of ₹0.32 crore in FY25 (vis-à-vis ₹0.51 crore in FY24).

Key strengths

Experienced Proprietor along with established track record of operations

Mr. Lakhambhai Bhensala looks after overall operations of the firm. He holds four decades of experience in the sea food industry. He is founder of Gopal Group formed in 2001, which includes another five entities viz. SailgangaEu Exports, Jagdish Marin Exports, Kanaiya Marin Exports, Gopal Enterprises and Gopal Fisheries. All the entities are engaged in sea food processing and exports business. Presently, he is also involved in management of Kanaiya Marine Exports, Sailganga Eu Exports and Gopal Enterprises. The firm has an established track record of two decades in processing and exports of sea food, where they have been focusing on exports to various non-European countries mainly Vietnam, Gulf Countries, Australia, China etc. GSF is government recognized star export house and the processing unit of the firm is certified by Marine Product Export Development Authority (MPEDA) and Export Inspection Council of India (EICI). The entity has been selling its products under its brand name 'RED FLOWER' and 'SAILOR FISH'

Comfortable capital structure and moderate debt coverage indicators

The capital structure of GSF deteriorated marginally albeit remained comfortable as marked by an overall gearing ratio of 0.57 times as on March 31, 2025, (0.23x as on March 31, 2024), owing to higher working capital utilization as on balance sheet date. The debt coverage indicators deteriorated marked by total debt to gross cash accruals (TD/GCA) of 9.24x as on March 31, 2025, as against 3.43 years as on March 31, 2024, due to an increase in working capital borrowings. Similarly, interest coverage deterioration but stood comfortable at 2.45x in FY25 as against 5.19x during FY24, due to increase in interest cost which was partially offset by improvement in PBILDT margin.

Established relationship with its moderately diverse customer and supplier base

GSF has a diversified customer base with exposure to foreign markets in non-European countries like China, Korea, Vietnam, Tunisia etc. The exports contributed to 85.58% of the total sales in FY25 vis-à-vis 82.50% in FY24. The customer base remained moderately diversified with top 10 customers account to 64.84% of total sales in FY25 as compared to 57.85% in FY24. The supplier base of GSF also remained diverse with Top 10 suppliers contributing to 47.97% of the total purchases in FY25 vis-à-vis 33.61% in FY24.

Proximity to raw material procurement area

GSF's plant 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 Indian Mackerel, Ribbon Fish, King Fish, Squids, Cuttle Fish, Shrimps, Tuna and Pink Pearch etc. GSF makes all the required purchases related to fish from local fisherman as well as from dealers and agents.

Liquidity: Stretched

GSF has availed fund-based facility from the bank which it utilizes for fulfilling its working capital requirement of business which remained utilized at about ~75-80% on an average basis for the past 12 months ended May 2025. GSF has cash and bank balance of ₹0.40 crore as on March 31, 2025 (₹1.09 crore as on March 31, 2024). The gross cash accruals expected to be sufficient as against the loan repayment obligation of ₹ 0.09 crore in FY26. Current ratio remained comfortable at 1.77 times as on March 31, 2025, as against 2.71 times as on March 31, 2024. Further, the cash flow from Operations (CFO) remained negative at ₹5.72 crore during FY25 as against negative of ₹0.23 crore during FY24, due to increase in receivables and inventories as on balance sheet date. As a result, the operating cycle deteriorated and stood moderate at 62 days in FY25 as compared to 22 days 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

Gopal Sea Foods (GSF), a division of the Gopal Group, was founded in 2000 as a proprietorship firm by Mr. Lakhambhai Bhensala. It began its operations in 2003 and is primarily involved in processing and exporting seafood, particularly fishes like Ribbon fish, tuna and mackerel. GSF operates from a single processing plant located in Veraval, Gujarat, with an installed capacity of 60 metric tonnes per day as of March 31, 2025, which utilized at about 75% in FY25. GSF primarily exports to Vietnam, Middle East, Thailand, Australia, and China. The entity markets its products under the brand names "RED FLOWER" and "SAILOR FISH." Additionally, other group entities—Kanaiya Marine Exports, Sailganga EU Exports (rated CARE A4), Jagdish Marine Exports (rated CARE A4) and Gopal Enterprises—are also engaged in seafood processing and export activities.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	38.97	30.27
PBILDT	0.88	1.07
PAT	0.40	0.35
Overall gearing (times)	0.23	0.57
Interest coverage (times)	5.19	2.45

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		-	-	-	9.00	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	9.00	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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