

## Sai Marine Exports Private Limited

January 09, 2026

| Facilities/Instruments                 | Amount (₹ crore)                 | Rating <sup>1</sup>       | Rating Action |
|--|----------------------------------|---------------------------|---------------|
| Long-term bank facilities              | 58.00<br>(Enhanced from 27.11)   | CARE A-; Stable           | Reaffirmed    |
| Long-term / Short-term bank facilities | 167.50<br>(Enhanced from 162.64) | CARE A-; Stable / CARE A2 | Reaffirmed    |
| Short-term bank facilities             | 11.00                            | CARE A2                   | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in ratings to bank facilities of Sai Marine Exports Private Limited (SMEPL) continue to factor in established track record of operations with experienced promoters, location advantage due to presence in the aquaculture zone in Andhra Pradesh, and accredited manufacturing facilities from national and international authorities. Ratings also consider SMEPL's long-standing association with its clients, comfortable financial risk profile with strong debt coverage indicators, comfortable operating cycle despite operating in working capital intensive operations, and positive cash flow generated from operations with efficient working capital management resulted in strong liquidity position.

The rating strengths are partially offset by subdued operational and financial performance in FY25, primarily due to weak demand from the United States (US) market, which is a major importer of Indian seafood. Inflationary pressures in the US exerted downward pressure on selling prices, resulting in moderation of profitability margins. Imposition of countervailing duties at 5.77% on Indian shrimp exporters from Q3FY25 onwards, which the company was unable to pass on to customers, has further impacted margins. Operating challenges have intensified following the recent tariff announcement by the US, SMEPL's key export market, which has raised the total effective duty on shrimp imports from India to 58.26%. Consequently, there has been a significant drop in margins in FY25, which is likely to remain under pressure in the near term.

The company's total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) ratio is expected to remain at comfortable levels given that there is negligible term debt and working capital limits are moderately utilised, providing some cushion to its credit profile. However, sustained higher tariffs and prolonged margin compression could adversely impact the company's financial performance and overall credit metrics which will be a key monitorable.

Ratings are also constrained by geographical and customer concentration risk, elongated operating cycle, and profitability margins being susceptible to fluctuating raw material prices, and susceptibility to risks inherent in the aquaculture business due to disease prone nature of shrimps with dependence on climatic conditions. Adverse changes in export incentives, and international trade policies and forex risk also constrain ratings.

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

#### Positive factors

- The total operating income (TOI) of over ₹800 crore on a consistent basis and sustainable margins at 10% or above.
- Improvement in the working capital cycle to less than one month.
- Total debt to gross cash accruals (TD/GCA) falling below 2x, on a sustained basis.

#### Negative factors

- Decline in scale of operations by over 20% compared to FY25 with operating profitability below 4%.
- Deterioration of the capital structure represented by overall gearing ratio weakening beyond 1.0x, in the future.
- Operating cycle stretching to over 120 days, going forward.

**Analytical approach:** Standalone

**Outlook:** Stable

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

CareEdge Ratings believes that the entity will continue to benefit from its established presence in the US market, supported by an accredited processing facility in a key aquaculture belt, ensuring steady and timely access to raw material and continue to maintain its comfortable financial risk profile.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Experienced management and long proven track record of operations**

SMEPL is promoted by J Chandrasekhar Rao and K Srinivasa Prasad, who has vast experience in the aqua culture industry with the company having an established track record of 25 years of operations. The Chairman of the company, K Srinivasa Prasad, has over 25 years of experience in the shrimp industry. He has done his masters in zoology and leads the company's production and exports department.

##### **Location advantage due to presence in aquaculture zone in Andhra Pradesh**

SMEPL's processing units are in Nellore and Vizag, which are prime aquaculture zones near coastal area of Andhra Pradesh, helping the company procure raw materials and process them immediately after harvest. SMEPL procures raw materials from local farmers in and around Bhimavaram, Vizag, Ongole, and Nellore, through its agents on mutual price bargain. Shrimps are transported to the processing units in insulated trucks. Processing plants at Nellore and Vizag are near major seaports such as Krishnapatnam, Vizag, and Chennai port, making export shipments logistically viable.

##### **Accredited manufacturing facility from authorities**

Both manufacturing facilities of SMEPL at Nellore and Vizag are fully equipped state-of-the-art processing units and compliant with international standards for seafood products. These units are accredited with certifications from Hazard Analysis Critical Control Point (HACCP) regulated by the United States Food and Drug Administration (USFDA). The company has British Retail Consortium (BRC) Global Standard for Food Safety certification. The company is also certified by European Union (EU) for seafood exports. It also has other certifications such as Best Aqua Culture Practices (BAP; from the USA and Europe) and Food Safety and System Certification (FSSC)-22000.

##### **Long-standing association with clientele**

SMEPL has over three decades of experience in this field and has successfully cemented its place as one of the India's major sea food exporters. CARE Ratings Limited (CareEdge Ratings) notes that the company is able to get repeat orders from clients due to its established relationship, which provides visibility of stable revenue streams.

##### **Comfortable capital structure with strong debt coverage indicators**

As on March 31, 2025, SMEPL's capital structure marked by overall gearing remained satisfactory despite deterioration to 0.34x from 0.19x as on March 31, 2024. Total debt consists of working capital borrowings and small portion of term loans. Despite SMEPL having working capital intensive operations, reliance on working capital bank borrowings has been lower at, below 40% with efficient management cycle resulting in improved overall gearing ratio. Considering lower cash accruals generated in FY25, other debt coverage indicators, PBILDT interest coverage ratio and TD to gross cash accruals (GCA) deteriorated. However, it remained comfortable at 5.26x (PY: 13.64x) and 3.10x (PYE: 1.17x) as on March 31, 2025. TD/GCA was slightly higher but is expected to improve in current fiscal with higher cash accruals. Debt service coverage ratio (DSCR) levels are comfortable given the healthy cash accruals being generated by the company.

As on September 30, 2025, overall gearing stood comfortable at 0.26x at the back of increase in reliance of working capital limits with changes in export market regulations.

##### **Comfortable operating cycle despite working capital intensive in nature**

SMEPL is majorly an export-oriented entity with sales concentrated majorly towards the US. Total time involved for completing a batch is 40-45 days for the US, including period for procuring, processing, and shipment till the destination. Owing to the high transit time, the company must depend on the working capital borrowings for its operations. However, SMEPL is able to maintain operating cycle at 73 days (PY: 64 days), considering inventory levels maintained on needed basis. The company's collection period stood at ~60 days (including transit time) resulted in efficient working capital management. However, the company's ability to secure export orders to achieve anticipated turnover is a key factor from credit perspective.

#### **Key weaknesses**

##### **Moderation in operational and financial performance in FY25 and H1FY26**

In FY25, SMEPL's capacity utilisation stood at 38% with sales volume declined by ~8% considering intense competition from other countries such as Ecuador and Indonesia and also uncertainty on tariffs and other duties, which led to lower exports from Q4FY25 onwards. Indian shrimp exporters faced challenges from the inflationary scenario in the US, which reduced consumer spending, and from increased import of cheaper shrimp from Ecuador, benefiting from lower transportation costs due to proximity alongside disruption caused by the Red Sea crisis. As a result, the company's TOI declined by ~4%, to ₹603 crore against ₹627 crore in FY24. This and imposition of antidumping duty (ADD) and countervailing duty (CVD), which the company had to bear in full, resulted in decline in profitability. PBILDT and profit after tax (PAT) levels declined by ~40% and ~54% to ₹28 crore and ₹10.50 crore, respectively (FY24: ₹47 crore and ₹23 crore, respectively).

The situation continued in H1FY26 with SMEPL reporting TOI at ₹401 crore with PBILDT and PAT levels of ₹17 crore and ₹7 crore, respectively. In Q3FY26, with entire tariff being passed on and availability of demand in the US market, the company's margins are expected to be better compared to previous year.

#### **Moderation in profitability margins in FY25 and H1FY26**

In FY25, profitability margins further moderated to 4.63% (PY: 7.43%) led by imposition of duties (ADD and CVD) and increase in logistics cost due to red sea crisis. Logistics costs increased by ~21% in FY25. In line with PBILDT margin, PAT margin also declined and remained at 1.74% (FY24: 3.67%). The US government announced levy CVD ~4.63% from April to July 2024, which was revised to 5.77% in October 2024 effective from December 2024. However, the company was not able to pass on these duties to its customers resulting in moderation of profitability. In H1FY26, profitability continues to remain in similar range to that of FY25 with PBILDT margin of 4.31% and PAT margin of 1.66%. In H1FY26, the company had created provision of ₹15 crore for anti-dumping duty charges paid for

February 01, 2023, to January 31, 2024, which had an adverse impact on margins.

#### **Geographical and customer concentration risk**

SMEPL is an export-oriented entity with over 90% of the company's total income generated from export sales. The US has been the major customer which alone contributes over 95% of the total export sales. This makes company vulnerable to single geography for big order. Unfavourable change in the US government policy such as higher anti-dumping duty or other import restriction which will have a major impact on the company's operational and financial performance. However, SMEPL has successfully cemented its place as one of the India's major sea food exporters. SMEPL is also subjected to customer concentration with the top 10 customers in FY25 alone contributed ~67% of the company's TOI against 75% in FY24. However, it increased to ~78% in H1FY26.

#### **Presence in highly competitive industry**

The seafood industry is exposed to intense competition, as there are several small and large players. Players also face intense competition from south-east Asian exporters impacting the realisations. The seafood export segment is marked by stringent regulations and quality requirements. Many of the export destinations, such as the United States, Japan, and European countries, implement timely regulations (including anti-dumping duty, food safety regulations, and quality requirements) that need to be complied with.

#### **Disease-prone industry with dependence on climatic conditions**

Being agro commodity, shrimp farming is exposed to climatic conditions. Production and raw material prices tend to fluctuate and may depend on vagaries of nature. Thus, profitability margin is impacted due to volatile nature of raw material. Shrimp farming is disease prone as there are a variety of lethal viral and bacterial diseases that affect shrimp. However, after repeated tests, Vannamei shrimps have been observed to be more resistant than Black Tiger to diseases. There has not been disease outbreak in the last one decade in Indian seafood sector. The company rigorously follows pond management system and timely cultural stocking process to avoid these risk.

#### **Volatility in availability of raw material affecting profitability margins**

SMEPL procures raw materials from local farmers in Bhimavaram, Ongole, Nellore and Vishakhapatnam through its agents on mutual price bargain. The likelihood to drop shrimp price (owing to over stocking in the export markets) and fear of spread of diseases among shrimps have forced aquaculture farmers to cut production in the farms. Shrimp farming is highly disease prone as there are a variety of lethal viral and bacterial diseases that affect shrimp.

#### **Vulnerability to adverse changes in export incentives, international trade policies, and forex risk**

SMEPL's profitability is supported by the export incentives received from the Government of India (GoI). Adverse changes in export incentives by GoI will have impact on business profile. The company derived over 90% of its sales from exports in FY25,

making it vulnerable to geographical concentration risk as demand slowdown or adverse changes in trade policies of importing countries may affect the company's business profile.

On October 22, 2024, the U.S. Department of Commerce (Commerce) announced its final determinations in the ADD investigations of frozen warmwater shrimp from Ecuador and Indonesia and CVD investigations of frozen warmwater shrimp from Ecuador, India, Indonesia, and the Socialist Republic of Vietnam (Vietnam). This CVD rate is effective from October 28, 2024, which could hit Indian seafood exports to the US and provide an edge to the competing countries. The company remains

**Liquidity: Adequate**

Liquidity is marked by adequate accruals of ₹22.37 crore against negligible repayment obligation of ₹0.14 crore for FY26. Free cash and bank balance of ₹30.40 crore available as on March 31, 2025. Average utilisation of working capital limits stood at ~50% for 12 months ended October 2025. The company's unutilised working capital limits provide sufficient cushion to meet working capital requirements. Cash flow from operating activities stood positive at ₹21.58 crore considering efficient working capital cycle.

**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](#)

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**About the company and industry**

**Industry classification**

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

Incorporated in 1995, SMEPL is engaged in processing and exporting cultured shrimps majorly to the US. SMEPL has two processing units, one in Nellore having a total installed capacity of 13,500 MTPA (metric ton per annum) and another processing unit in Visakhapatnam with an installed capacity of 12,150 MTPA, which has been recently set up. The product range of the company includes, block frozen, peeled and deveined (PD), PD tail on, Pud Shrimps, IQF varieties of PD tail on, PD tail-off, easy peel, cooked tail-on and tail-off.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | H1FY26 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 626.29             | 602.54             | 400.82      |
| PBILDT*                    | 46.56              | 27.88              | 17.28       |
| Profit after tax (PAT)     | 22.98              | 10.49              | 6.67        |
| Overall gearing (x)        | 0.19               | 0.34               | 0.26        |
| Interest coverage (x)      | 13.64              | 5.26               | 6.50        |

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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 - LT-Stand by Limits           |      | -                             | -               | -                          | 25.00                       | CARE A-; Stable                    |
| Fund-based - LT-Term Loan                 |      | -                             | -               | June 2026                  | 33.00                       | CARE A-; Stable                    |
| Fund-based - LT/ ST-CC/Packing Credit     |      | -                             | -               | -                          | 140.00                      | CARE A-; Stable / CARE A2          |
| Non-fund-based - LT/ ST-BG/LC             |      | -                             | -               | -                          | 27.50                       | CARE A-; Stable / CARE A2          |
| Non-fund-based - ST-Credit Exposure Limit |      | -                             | -               | -                          | 11.00                       | CARE A2                            |

**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 - LT/ ST-CC/Packing Credit     | LT/ST           | 140.00                       | CARE A-; Stable / CARE A2 | -   | 1)CARE A-; Stable / CARE A2 (09-Jan-25)     | 1)CARE A-; Stable / CARE A2 (03-Jan-24)     | 1)CARE A-; Stable / CARE A2 (05-Jan-23)     |
| 2       | Non-fund-based - LT/ ST-BG/LC             | LT/ST           | 27.50                        | CARE A-; Stable / CARE A2 | -   | 1)CARE A-; Stable / CARE A2 (09-Jan-25)     | 1)CARE A-; Stable / CARE A2 (03-Jan-24)     | 1)CARE A-; Stable / CARE A2 (05-Jan-23)     |
| 3       | Fund-based - LT-Term Loan                 | LT              | 33.00                        | CARE A-; Stable           | -   | 1)CARE A-; Stable (09-Jan-25)               | 1)CARE A-; Stable (03-Jan-24)               | 1)CARE A-; Stable (05-Jan-23)               |
| 4       | Non-fund-based - ST-Credit Exposure Limit | ST              | 11.00                        | CARE A2                   | -   | 1)CARE A2 (09-Jan-25)                       | 1)CARE A2 (03-Jan-24)                       | 1)CARE A2 (05-Jan-23)                       |
| 5       | Fund-based - LT-Stand by Limits           | LT              | 25.00                        | CARE A-; Stable           | -   | 1)CARE A-; Stable (09-Jan-25)               | 1)CARE A-; Stable (03-Jan-24)               | 1)CARE A-; Stable (05-Jan-23)               |

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 - LT-Stand by Limits           | Simple           |
| 2       | Fund-based - LT-Term Loan                 | Simple           |
| 3       | Fund-based - LT/ ST-CC/Packing Credit     | Simple           |
| 4       | Non-fund-based - LT/ ST-BG/LC             | Simple           |
| 5       | Non-fund-based - ST-Credit Exposure Limit | Simple           |

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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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