

January 25, 2016

Facilities	Amount (Rs. Crore)	Ratings
Packing Credit	20.00	SMERA A4+ (Assigned)
FD/UBP (LC)	35.00*	SMERA A4+ (Assigned)
Term Loan	4.50	SMERA BB+/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4+ (Assigned)

*Includes sublimit of order based FD/UBP (LC) upto Rs. 15.00 crore.

SMERA has assigned ratings of '**SMERA BB+**' (**read as SMERA double B plus**) and '**SMERA A4+**' (**read as SMERA A four plus**) to the abovementioned bank facilities of S.A. Exports (SAE). The outlook is '**Stable**'. The ratings are supported by the firm's established track record of operations, experienced management and geographic diversification. The ratings also benefit from the healthy revenue growth and efficient working capital management. However, the ratings remain constrained by the thin profit margins and inherent risks associated with the seafood industry such as susceptibility to diseases and climate changes. The ratings also take into consideration the firm's exposure to intense competition from domestic as well as international players in a highly competitive seafood industry and risks inherent in the partnership constitution of the firm.

Outlook: Stable

SMERA believes that SAE will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and established presence in the seafood industry. The outlook may be revised to 'Positive' in case the firm registers sustained growth in revenues while achieving substantial improvement in profit margins and debt-coverage metrics. Conversely, the outlook may be revised to 'Negative' in case of further decline in the profitability margins or deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling of revenue while improving profit margins
- Undertaking debt funded capex

About the Firm

SAE, established in 1995, is a Kolkata-based firm engaged in the processing and export of seafood products, mainly black tiger shrimps, prawns among others. The firm is a part of the BEEU Group promoted by Mr. Nasir Ahmed Khan and family. The processing unit of the company located at Khoribari, West Bengal has a total installed capacity of 57 MT per day.

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For FY2014-15, SAE reported profit after tax (PAT) of Rs.2.11 crore on operating income of Rs.220.31 crore, as compared with PAT of Rs.1.41 crore on operating income of Rs.166.31 crore in FY2013-14.

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