

Press Release

S.A. Exports

January 14, 2019



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 87.25 Cr. (Enhanced from Rs 60 crore)
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) to the Rs. 85.50 crore bank facilities of S A EXPORTS. Acuité has also assigned short term rating of '**ACUITE A3**' (**read as ACUITE A three**) to the Rs. 1.75 crore bank facilities of S.A. Exports. The outlook is '**Stable**'.

Established in 1995, SAE, a Kolkata-based partnership firm is engaged in processing of shrimps, mainly vannemai and black tiger. The firm is promoted by Mr. Nasir Ahmed Khan and family and it sells the products under its own brand names King Khan, BEEU Gold, Naniwa Gold, BEEU Pearl and BEEU Silver.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of SAE to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

Established in 1995, the firm has a long track record of over two decades in the sea food industry. The firm is promoted by Mr. Nasir Ahmed Khan, Mr. Shamim Ahmed Khan and Mr. Anis Ahmed Khan who possess more than two decades of experience in diverse businesses including sea food, agriculture, real estate and retail marketing, among others.

- **Comfortable financial risk profile**

The comfortable financial risk profile is marked by modest net worth, healthy gearing and debt protection measures. The net worth stood at Rs.22.06 crore as on 31 March, 2018 as against Rs.20.44 crore in the previous year. The gearing (debt-equity) stood at 0.12 times as on 31 March, 2018 compared to 0.17 times in the previous year. The total debt of Rs.2.68 crore as on 31 March, 2018 consists of term loan. The interest coverage ratio stood at 2.69 times as on 31 March, 2018 compared to 1.87 times as on 31 March, 2017. NCA/TD stood at 2.87 times in FY2018. Going forward, Acuité expects the financial risk profile to remain comfortable without any significant deviation from the current level in the absence of any significant debt funded capex plan over the medium term.

- **Healthy revenue**

SAE registered revenue of Rs.398.09 crore in FY2018 as compare to Rs.312.65 crore in FY2017, thereby registering a y-o-y growth of 27.33 percent. The growth in revenue is on account of increase in sales from top 10 customers in USA, China, Vietnam, Canada and European countries. Revenue in 2018 from top 10 customers contributed ~ 60 percent as against ~ 42 percent in FY 2017. During the current year, the firm clocked revenue of Rs.247.05 crore till September 2018 (Provisional).

Weaknesses

- **Susceptibility to risks inherent in the seafood industry**

The firm remains vulnerable to the risks inherent in the seafood industry such as susceptibility to

diseases, climate changes, fluctuations in the exchange rates among others.

• **Partnership constitution of the firm**

The rating factors in the partnership constitution of the firm that enables the promoter to withdraw capital at will.

Outlook: Stable

Acuité believes that the outlook on SAE will remain 'Stable' over the medium term on account of the management's experience and long track record of operations. The outlook may be revised to 'Positive' in case of the firm increases its scale of operations and profitability. The outlook may be revised to 'Negative' in case the firm fails to increase its scale of operations. Further, deterioration in the profitability and any deterioration in the financial risk profile would lead to 'Negative' outlook.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	398.09	312.65	204.16
EBITDA	Rs. Cr.	14.89	14.68	7.87
PAT	Rs. Cr.	6.04	3.96	1.96
EBITDA Margin	(%)	3.74	4.69	3.86
PAT Margin	(%)	1.52	1.27	0.96
ROCE	(%)	62.94	64.35	27.04
Total Debt/Tangible Net Worth	Times	0.12	0.17	0.41
PBDIT/Interest	Times	2.69	1.87	2.18
Total Debt/PBDIT	Times	0.16	0.21	0.72
Gross Current Assets (Days)	Days	03	05	20

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Oct-2017	Packing Credit	Short Term	20.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bills Discounting	Short Term	35.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Term Loan	Long Term	4.50	ACUITE BBB- / Stable (Upgraded from ACUITE BB+/Stable)

	Bank Guarantee	Short Term	0.50	ACUITE A3 (Upgraded from ACUITE A4+)
10-May-2017	Packing Credit	Short Term	20.00	ACUITE A4+ (Re-affirmed)
	Bills Discounting	Short Term	35.00	ACUITE A4+ (Re-affirmed)
	Term Loan	Long Term	4.50	ACUITE BB+ / Stable (Re-affirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ (Re-affirmed)
25-Jan-2016	Packing Credit	Short Term	20.00	ACUITE A4+ (Assigned)
	FD/FUBP	Short Term	35.00 #	ACUITE A4+ (Assigned)
	Term Loan	Long Term	4.50	ACUITE BB+ / Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A4+ (Assigned)

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

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A3 (Re-affirmed)
FD / FUBP (LC)	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A3 (Re-affirmed)
Term loans	Not Applicable	Not Applicable	31-May-2020	4.50	ACUITE BBB- / Stable (Re-affirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A3 (Re-affirmed)
Foreign Bank guarantee	Not Applicable	Not Applicable	Not Applicable	1.63	ACUITE A3 (Assigned)
Proposed Short Term Facilities	Not Applicable	Not Applicable	Not Applicable	0.12	ACUITE A3 (Assigned)

Contacts:

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in Aniruddha Dhar Rating Analyst Tel: 033-66201209 aniruddha.dhar@acuiteratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.