



Press Release

Bhimraj Exports Private Limited

January 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	69.82 (enhanced from 67.18)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+; Negative; ISSUER NOT COOPERATING (IVR Double B plus with Negative outlook; ISSUER NOT COOPERATING)	Rating upgraded and removed from ISSUER NOT COOPERATING category	Simple
Total	69.82 (Rupees sixty-nine crore and eighty-two lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Bhimraj Exports Private Limited (BEPL) from Issuer Not Cooperating category based on adequate information received from the company for review of its ratings.

The upgrade in the ratings assigned to the bank facilities of BEPL continues to derive strength from its long track record of operation under experienced promoters and strategic location of the business. Further, the ratings also derive comfort from its stable business performance with improvement in debt protection parameters in FY24 [FY refers to the period from April 1 to March 31]. However, these rating strengths are partially offset by moderation in its capital structure, fragmented nature of the industry & inherent industry risks resulting in thin profitability, susceptibility of profitability to volatile shrimp prices & fluctuation in foreign exchange rates, presence in a highly regulated industry and working capital-intensive nature of its operation.

The stable outlook reflects expected stable business performance of the company with improvement in scale of operation in the near term.

Key Rating Sensitivities:



Press Release

Upward Factors

- Sustained revenue growth coupled with improvement in profitability leading to improvement in net cash accruals on a sustained basis
- Improvement in leverage ratios marked by improvement in overall gearing ratio to below 1.5x
- Effective working capital management leading to improvement in liquidity

Downward Factors

- Decline in revenue and/or moderation in profitability impacting the debt protection metrics on a sustained basis
- Moderation in the capital structure with overall gearing ratio moderated to over 3x and/or moderation in interest coverage ratio to below 2x
- Elongation in operating cycle impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of operation under experienced promoters**

BEPL is mainly promoted by Mr. Bhimasen Lenka and Mr. Rajendra Kumar Pradhan who has been associated with the company since its inception; and has helped BEPL to establish strong market presence. Now, the company has also appointed Ms. Rajalaxmi Pradhan, who is an ex-banker and sister of Mr.R.K. Pradhan. The directors look after the day-to-day operations of the company along with a team of experienced professionals down the line. Furthermore, the company has started its operation from 2011, thus having more than a decade of long and established operational track record.

- **Strategic location of the business**

BEPL's business plant is in the prime aquaculture zone by the coastal line of Odisha, which enables the firm to procure raw materials and process them immediately after harvest from nearby processing units. This results in better quality product as well as lower transportation cost. BEPL procures raw materials from local farmers majorly from Odisha.

- **Stable business performance with improvement in debt protection matrices**



Press Release

The total operating income (TOI) of the company grew at a CAGR of ~11% during FY22 to FY24 with a y-o-y growth of ~ 27% in FY24 to Rs.267.07 crore from Rs. 210.66 crore in FY23 on the back of increase in demand of shrimp in the global market. Aided by improvement in TOI coupled with dip in operating costs mainly manufacturing and administrative expenses, absolute EBITDA has also witnessed an improvement by ~117% in FY24 with a growth in EBITDA margin from 2.50% in FY23 to 4.28% in FY24. Further, notwithstanding the rise in finance charges due to elevate debt level, PAT margin has improved from 0.49% in FY23 to 0.76% in FY24 underpinned by rise in absolute EBITDA. On the back of improvement in absolute EBITDA, interest coverage has improved and stands at 2.11x in FY24 as against 1.63x in FY23. Furthermore, Total debt/GCA and Total debt /EBITDA both has improved to 6.32x and 11.38x respectively as on March 31, 2024 from 9.01x and 17.45x respectively as on March 31, 2023. During, 9MFY25 the company has achieved a revenue of ~Rs.250 crore.

Key Rating Weaknesses

- **Moderation in capital structure**

The capital structure of the company witnessed moderation in FY24 due to elevated debt levels owing to increase in export packing credit to fund the enhanced scale of operation. Consequently, the overall gearing has deteriorated from 1.79x as on March 31, 2023 to 2.53x as on March 31, 2024. However, the long-term debt equity ratio improved from 0.70x as on March 31, 2023, to 0.68x as on March 31, 2024, consequent to repayments of term loans and accretion of profits to net worth.

- **Fragmented nature of the industry and inherent industry risks resulting in thin profitability**

Indian shrimp exporters face stiff competition from vendors from countries such as Ecuador, Indonesia, and Vietnam in the export markets. Further, low entry barriers expose them to competition from players in the domestic market. Such intense competition limits BEPL's bargaining power and pricing flexibility, exerting pressure on its margins. In FY24, though the absolute PAT has improved, the PAT margins remained thin at 0.76% in FY24 (0.49% in FY23). Further, BEPL's revenue and profit margins are also susceptible to volatility in shrimp realisations and raw shrimp prices, which are driven by the demand-supply scenario. Moreover, any adverse agro-climatic condition and natural calamities during the aquaculture season may have a serious impact on the production of shrimps. Despite technical advancement, virus contamination in shrimps remains a risk.



Press Release

- **Susceptibility of profitability to volatile shrimp prices and fluctuation in foreign exchange rates**

Operating profitability of shrimp exporters is susceptible to volatile shrimp prices and forex rates. The company is also exposed to uncertainty related to procurement and prices, as the supply of shrimp from aqua culturists is unpredictable and depends on the demand-supply situation, market price, and monsoon conditions. The availability of shrimps is also impacted by possible outbreak of diseases, which could affect production.

- **Presence in a highly regulated industry**

Since seafood is a depleting commodity, there are strict regulations against excessive fishing and every now and then new regulations crop up across the world restricting the trade of seafood including shrimps. Moreover, many export markets implement regulations from time to time (including anti-dumping duty, food safety regulations and quality requirements). These regulations do restrict the growth of the seafood exporters including BEPL.

- **Working capital intensive nature of operation**

The company operates in a working capital-intensive industry. The company's major revenue is through exports with China and Vietnam being its prime export destinations. This involves relatively higher turnaround time. Accordingly, the working capital cycle of the company, though comfortable, deteriorated from 43 days in FY23 to 52 days in FY24.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term marked by its expected adequate gross cash accruals in the range of ~Rs.12.31 to ~Rs.20.45 crore as against its debt repayment obligations in the range of ~Rs.3.40 to ~Rs.4.20 crore during FY25-FY27. Further, the average fund-based utilization of the company remained on the higher side at ~87% during the past 12 months ended in December 2024 indicating moderate



Press Release

liquidity cushion for the company. The current ratio of the company remained below unity due to rise in export packing credit owing to fund the enhanced scale of operation in FY24 which further resulted in moderation in the overall gearing ratio as on March 31, 2024. Limited gearing headroom marked by leveraged capital structure restricts the liquidity position to an extent.

About the Company

Incorporated in December 2012, Bhimraj Exports Private Limited (BEPL) is engaged in processing and export of shrimps. The shrimp processing plant of the company is located in Khorda district, Odisha and has an installed capacity of 17,550 MTPA and freezing capacity of 15,000 MTPA. BEPL is a 100% export-oriented unit. The company exports shrimps primarily to China, Vietnam, Gulf Countries, Europe, etc.

Financials (Standalone):

For the year ended / As on*	(Rs. Crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	210.66	267.07
EBITDA	5.26	11.43
PAT	1.04	2.04
Total Debt	47.36	72.27
Tangible Net worth	26.48	28.52
EBITDA Margin (%)	2.50	4.28
PAT Margin (%)	0.49	0.76
Overall Gearing Ratio	1.79	2.53
Interest Coverage (x)	1.63	2.11

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Nov 28, 2024	Oct 03, 2023	-
1.	Term Loan/ GECL	Long Term	15.82	IVR BBB-; Stable	IVR BB+; Negative (ISSUER NOT COOPERATING)	IVR BBB-; Stable	-
2.	Export Packing Credit	Long Term	54.00	IVR BBB-; Stable	IVR BB+; Negative (ISSUER NOT COOPERATING)	IVR BBB-; Stable	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Press Release

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan/GECL	-	-	-	May'29	15.82	IVR BBB-; Stable
Export Packing Credit					54.00	IVR BBB-; Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-bhimraj-jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.