June 09, 2025

Sanchita Marine Products Pvt. Ltd.: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short term- Fund-based - Packing Credit	35.00	35.00	[ICRA]A4+; reaffirmed
Short term – Fund based - Post Shipment Credit	20.00	20.00	[ICRA]A4+; reaffirmed
Total	**55.00**	**55.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has taken a consolidated view of both Sanchita Marine Products Pvt. Ltd. (SMPPL) and Sanchita Frozen Foods Pvt. Ltd. (SFFPL), referred to as the Sanchita Group/the Group. For arriving at its consolidated ratings, ICRA takes into consideration the common management and the close financial and operational linkages between these companies.

The rating reaffirmation considers the anticipated modest improvement in operational and financial performances of the Group over the near to medium term, following the moderation witnessed in the last two fiscal years i.e., FY2024 and FY2025. The operating revenues in FY2025 declined by 7.2% to Rs. 182.4 crore from Rs. 196.7 crore in FY2024, owing to challenges encountered in securing quality raw materials, tepid demand conditions and pricing pressures in key export markets amid stringent competition in the industry. Despite the revenue decline in FY2025, focus on supplying quality products entailing better margins, led to a 90-basis points expansion in the operating margin to around 5.6% in FY2025 from 4.7% in FY2024. Going forward, the Group is expected to continue focusing on high-margin orders, which is likely to provide stability to its earnings. The rating continues to factor in the extensive experience of the promoters in the seafood industry, and the proximity of the Group's processing facilities to major aquaculture belts, which reduces the risk of raw material sourcing. The rating also continues to draw comfort from the company's geographically diversified clientele.

The rating, however, remains constrained by the Group's limited pricing flexibility arising from intense competition in the highly fragmented seafood industry, with minimal product differentiation, resulting in thin operating margins. The inherent risks associated with the seafood industry such as disease outbreaks, climate change, vulnerability to regulations proposed by importing nations, export regulations by the Indian Government, and susceptibility of earnings to volatility in raw material prices amid fluctuating exchange rates, have also impacted the rating. Further, the rating remains constrained by the Group's working capital intensive nature of the business, which entails dependence on working capital borrowings, leading to a relatively higher gearing level. Moreover, the Group's debt protection metrics are estimated to remain at moderate levels, as reflected by Total Debt/OPBDITA of 4.5 times and interest coverage indicator of 2.0 times in FY2025. Going forward, the Group's ability to generate healthy accruals and improve its overall credit profile will remain critical.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in seafood industry – The Group's seafood division was established in 1991, and it currently operates with a freezing capacity of 162.5 metric tonnes per day (MTPD). The Group also owns and operates cold storage facilities, with an installed capacity of 2,250 metric tonnes per annum (MTPA) for the storage of seafood processed by it. The promoters' experience and a strong management team with more than three decades of experience have aided the Group in establishing a strong customer base.

Proximity to major consumption centres and raw material sources – The Group's processing facility is located in Panvel, Raigad district, Maharashtra. Fish and shrimp required for processing are easily available at Colaba and Kasara, in proximity to its factory. Besides, the Group procures shrimp and fish from Andhra Pradesh, Gujarat and other neighbouring areas, ensuring easy availability and logistical convenience for the Group.

Geographical diversification and established relationships with key customers – In terms of geographical presence, the Group remains an export-oriented unit with the majority of its revenue generated from Spain (23% in FY2025), China (22% in FY2025) and other countries. The promoters' established presence in the seafood industry is leveraged to maintain healthy relationships with key customers and add new customers.

Credit challenges

Low albeit improving operating margins, and moderate debt coverage indicators – The Group's operating margin has remained moderate at 4-5%, although it improved in FY2024 and FY2025 due to low value-additive business. Additionally, the Group's revenues and profitability are susceptible to the availability and prices of quality raw materials. which has witnessed volatility in recent times. The Group's coverage indicators are also moderate, with an interest coverage ratio of 2.0 times and total debt to operating profits ratio of 4.5 times in FY2025. Given the low-margin nature of the business, the debt protection metrics are expected to remain at moderate levels in the medium term.

Fragmented industry structure with intense competition – The Indian seafood export industry is highly fragmented with a few large players and several small processors. Indian exporters face competition from countries like Ecuador, Indonesia, Thailand and Vietnam, which are major producers of Vannamei shrimp. The Group also encounters intense competition in the domestic market, which affects pricing power and profitability.

Aquaculture production vulnerable to climatic conditions, disease outbreaks and exchange rate fluctuations– The risks of extreme climatic conditions and disease outbreaks are inherent in shrimp farming. Extreme climatic conditions could result in adverse farming conditions, affecting the mortality rate and the quality of farmed shrimp. However, better farm management practices, such as a lower number of production cycles with sufficient time gaps and low stocking density aid in limiting production loss. Further, given the export-oriented nature of the operations, ~60% of exports are hedged through forward contracts while remaining receivables are exposed to risks from forex rate fluctuations.

Liquidity position: Adequate

The Group's liquidity position is expected to remain adequate, supported by buffer available in its working capital limit and limited debt repayment obligations. The Group's average utilisation of working capital limits stood at 77.2% of its sanctioned limit of Rs.70 crore during the last 12 months ending in March 2025 (excluding the post-shipment credit limit of Rs. 20 crore in SMPPL). Further, the company does not have any major capacity expansion plans in the near to medium term. The repayment obligations are nominal and will be catered adequately through internal accruals.

Rating sensitivities

Positive factors – ICRA may upgrade Sanchita Group ratings if there is a substantial increase in the scale of operations, coupled with an improvement in profitability while enhancing its liquidity and the financial risk profile on a sustained basis.

Negative factors – The Group's rating may be downgraded if there is sustained pressure on the revenues and earnings or an elongation in the working capital cycle, adversely impacting the liquidity position and debt protection metrics. Specific credit metrics that may lead to a rating downgrade include TOL/TNW more than 2.5 times on a sustained basis.

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Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on a consolidated view of SMPPL and SFFPL., given the common management and the close financial and operational linkages between them.

About the company

Incorporated in 1991, Sanchita Marine Products Pvt. Ltd. primarily processes and exports seafood (mainly shrimps) from its facilities situated in Mumbai, with a processing capacity of 96.5 MTPD. Further, the company owns a cold storage facility, with an installed capacity of 885 MTPA, which is used to store the processed seafood.

The company is a part of the Sanchita Group (owned by the Bhor family), which entered the seafood business in 1991 and has two seafood processing plants in Mumbai. The Group mainly exports seafood to Spain, China, Belgium and the UAE.

Key financial indicators (audited)

Consolidated: (SFFPL+SMPPL)	FY2023	FY2024	FY2025 Results
Operating income	448.0	196.7	182.4
PAT	4.0	2.3	2.3
OPBDIT/OI	2.9%	4.7%	5.6%
PAT/OI	0.9%	1.2%	1.3%
Total outside liabilities/Tangible net worth (times)	1.3	1.9	-
Total debt/OPBDIT (times)	1.7	5.9	4.5
Interest coverage (times)	3.0	2.3	2.0

*Source: Company, ICRA Research; * Provisional numbers shared by the Group; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2026)			Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Date & Rating on	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				June 09, 2025	-	Mar 26, 2024	Feb 16, 2023
1	Packing Credit	Short Term	35.00	**[ICRA]A4+**	-	**[ICRA]A4+**	**[ICRA]A4+**
2	Post Shipment Credit	Short Term	20.00	**[ICRA]A4+**	-	**[ICRA]A4+**	**[ICRA]A4+**

Complexity level of the rated instruments

Instrument	Complexity indicator
Short Term – Fund based - Packing Credit	Simple
Short Term - Fund based - Post Shipment Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Packing Credit	NA	NA	NA	35.00	[ICRA]A4+
NA	Post Shipment Credit	NA	NA	NA	20.00	[ICRA]A4+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Sanchita Marine Products Pvt. Ltd.	Group Company	ICRA has taken a consolidated view of two companies of the Sanchita Group
Sanchita Frozen Foods Pvt. Ltd.	Group Company	

Source: Company

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