

August 18, 2025

Sandhya Marines Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term–Cash Credit	35.00	35.00	[ICRA]A+ (Stable); reaffirmed
Long-Term–Term Loan	25.00	25.00	[ICRA]A+ (Stable); reaffirmed
Long-term–Packing Credit/ Foreign Bill Discounting	192.00	192.00	[ICRA]A+ (Stable); reaffirmed
Long-term –Standby Line of Credit	38.00	38.00	[ICRA]A+ (Stable); reaffirmed
Short-Term –Bank Guarantee	15.50	15.50	[ICRA]A1; reaffirmed
Short-term –Forward Contract Limit	10.00	10.00	[ICRA]A1; reaffirmed
Total	315.50	315.50	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation considers a healthy increase in the scale of operations and operating margins of Sandhya Marines Limited (SML) on a consolidated level in FY2025, and an expected modest improvement in the entity's performance over the medium term, supported by its established track record, long experience of the promoters in the seafood industry spanning more than three decades and long relationships with its clientele, resulting in repeat orders. SML's operating income (OI), on a consolidated level, grew by 10% on a YoY basis to Rs. 2,182.3 crore in FY2025 (provisional), supported by an increase in shrimp realisation and a modest increase in volume. SML's shrimp and feed realisation in FY2025 increased by around 6% on a YoY basis mainly towards compensating the increase in custom duties and freight costs. SML's operating profit margins (OPM) improved by around 80 bps on a YoY basis to 15.6% in FY2025. The ratings also consider the robust financial risk profile of SML, characterised by a conservative capital structure, strong coverage indicators, healthy RoCE, and a strong liquidity position. ICRA also notes the location specific advantage enjoyed by the entity as its processing facilities are in proximity to the major aquaculture belt of Andhra Pradesh, which fulfils around 98% of its raw material requirements, leading to regular availability of raw materials at low landed costs. ICRA notes that both SML and AFFGPL had concluded buyback of equity shares from its internal reserves in September 2024. This resulted in a cash outflow of Rs. 146.8 crore (for a 5.5% equity buyback, inclusive of taxes) for SML and Rs. 49.1 crore (for a 5.9% of equity buyback, inclusive of taxes) for AFFGPL.

The ratings, however, remain constrained by SML's exposure to high geographical and customer concentration risks. SML, on a consolidated level, derives around 55% of its operating income (OI) from the shrimp processing segment, while the balance is derived from the shrimp feed segment. Within the shrimp processing segment, the entity derived more than 90% of its revenue from the US market in FY2025, with the top three customers in the segment contributing around 85% to its revenue. The shrimp feed segment accounts for 41% of the overall consolidated OI and is entirely sold in the domestic market. SML derives around 55% of its consolidated OI from the export market and remains exposed to forex risks. However, the forex risk is mitigated to some extent as SML avails loan in foreign currency and hedges around 30% of its export receivables through forward contracts. The ratings also remain constrained by the fragmented nature of the industry and the inherent risks such as disease outbreaks and climate changes, which affect the quality of shrimp farmed. Like other shrimp exporters, SML remains susceptible to any significant reduction in incentives by the Government of India (GOI) or adverse changes in the foreign trade policies of the importing nations, which may affect the business profiles of all domestic players in the shrimp processing industry. The US Government in the current fiscal has imposed additional duties and penalties on shrimp exported from India.

Inability of the entity to pass on the tariff hikes/penalties imposed by the US Government to its end customers could impact its margins and remains a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that SML is likely to sustain an improvement in revenues and operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Established track record of business – Established in 1987, SML has been involved in sea-foods business for more than three decades. Over the years, the entity has expanded its product portfolio by venturing into value-added shrimp, which yields higher margins. It has also diversified into production of shrimp feed. The promoters and directors have extensive experience in the industry, which enabled SML to build a strong customer base. Repeat orders from the clients reflect acceptable product quality.

Strong financial risk profile – SML's consolidated OI grew by around 10% in FY2025 on a YoY basis to Rs. 2,182.3 crore, supported by an increase in shrimp realisation and a modest rise in volume. The consolidated operating margins rose by 80 bps on a YoY basis to 15.6% in FY2025 owing to improvement in realisation and various cost saving measures undertaken by the entity. In September 2024, both SML and AFFGPL concluded buyback of equity shares from its internal reserves. This resulted in a cash outflow of Rs. 146.8 crore (for a 5.5% equity buyback, inclusive of taxes) for SML and Rs. 49.1 crore (for a 5.9% equity buyback, inclusive of taxes) for AFFGPL. SML's capital structure, on a consolidated basis continues to remain conservative post the share buyback, due to steady accretion to reserves, as reflected by TOL/TNW of 0.3 times as on March 31, 2025, supported by cash and liquid investments worth Rs. 639.8 crore. A conservative capital structure and healthy profits kept SML's debt coverage metrics strong, as reflected by an interest coverage of 20.9 times in FY2025. The RoCE also stood at a comfortable level of 25.8% in FY2025.

Location-specific advantages – SML's processing facilities are located in proximity to the major aquaculture belt of Andhra Pradesh, ensuring continuous availability of raw materials at low transportation costs. Andhra Pradesh contributes around 98% to the raw material requirements of SML.

Credit challenges

Exposed to high geographical and customer concentration risks – SML remains exposed to high geographical concentration risk as it derived more than 90% of the revenue from the processing segment from the US. It further generated 100% of the revenue from the shrimp feed segment from India. Further, the top three customers contributed around 85% to the standalone revenue from SML's processing segment in FY2025, indicating high customer concentration. Nevertheless, ICRA notes that the top three customers in the feed segment contributed only 16% to the standalone revenue generated from the feed segment in FY2025. The US Government in the current fiscal has imposed additional duties and penalties on shrimp exported from India. The inability of the entity to pass on the tariff hikes/penalties imposed by the US Government to its end customers could impact its margins and remains a key monitorable.

Vulnerable to adverse changes in export incentives, international trade policies and forex risk – SML, on a consolidated basis, derived around 55% of its OI from the export market. Therefore, its operating profitability is supported by export incentives received from the Government of India (GoI). Any significant reduction in incentive by the GoI or adverse changes in the foreign trade policies of the importing nations (including imposition of additional duties like countervailing duty, reciprocal tariff, etc.) may affect SML's business profile. The impact of the reciprocal tariff levied by the US Government could put pressure on the margins over a medium term and thus remains a key monitorable. SML remains exposed to forex risks. However, the same is

mitigated to some extent as the entity avails loan in foreign currency and the entity hedges around 30% of its export receivables through forward contracts.

Fragmented nature of the industry and exposure to inherent industry risks – Indian shrimp exporters face stiff competition from countries such as Ecuador, Indonesia, and Vietnam in the export markets. Further, low entry barriers expose them to competition from other organised and unorganised players in the domestic market. Such intense competition limits SML's bargaining power and pricing flexibility, exerting pressure on its margins. Moreover, SML's revenues and profit margins are susceptible to volatility in shrimp realisations and raw shrimp prices, which in turn are driven by the demand-supply scenario. 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.

Liquidity position: Strong

SML's liquidity position, on a consolidated basis, is likely to remain strong, supported by expected healthy cash accruals, free cash and liquid investment of Rs. 639.8 crore and a cushion in its working capital limits of Rs. 212.2 crore as on March 31, 2025. The liquidity profile of the entity continues to remain strong, post equity share buyback in both SML and AFFGPL, resulting in a cash outflow of Rs. 195.9 crore (including taxes) in FY2025. The average working capital utilisation over the last 12 months ending in April 2025 stood at around 49% of the sanctioned working capital limit of Rs. 425.0 crore. Against these sources of cash, the entity is likely to incur capital expenditure of around Rs. 25.0 crore and has repayment obligation of Rs. 15.7 crore in FY2026.

On a standalone basis SML had free cash and liquid investment of Rs. 480.6 crore and a cushion in its working capital limits of Rs. 131.2 crore as on March 31, 2025. The average working capital utilisation over the last 12 months ending in April 2025 stood at around 50% of the sanctioned working capital limit of Rs. 265.0 crore

Rating sensitivities

Positive factors – ICRA may upgrade the company's ratings if there is a sustained improvement in the scale of business, supported by client and geographical diversification, while maintaining profitability and coverage metrics.

Negative factors – Pressure on the company's ratings may arise if there is a decline in the company's scale of operations along with a deterioration in profitability and credit metrics. Any large debt-funded capital expenditure or an elongation in the working capital cycle, resulting in a stretched liquidity position may also lead to a downward revision in the ratings. Specific credit metrics that may trigger ratings downgrade include Total Debt/OPBDITA of more than 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of Sandhya Marines Limited and its subsidiary, Aquatica Frozen Foods Global Private Limited, as mentioned in Annexure II.

About the company

Incorporated in 1987, Sandhya Marines Limited's (SML) is involved in processing of shrimps and manufacturing of shrimp feed. Its facilities are located in the major aqua-culture belt of Andhra Pradesh. In FY2025, the processed shrimps and shrimp feed segments contributed 55% and 41% to the consolidated sales, respectively. While the processed shrimps are mainly exported to the US, the entire shrimp feed manufactured by the company is sold in the domestic market. SML holds a 59.9% stake in Aquatica Frozen Foods Global Private Limited (AFFGPL), which is involved in shrimp processing.

Key financial indicators

	Standalone		Consolidated	
	FY2024	FY2025*	FY2024	FY2025*
Operating income	1589.1	1664.1	1991.3	2182.3
PAT	195.4	230.6	236.2	286.8
OPBDIT/OI	15.4%	16.4%	14.8%	15.6%
PAT/OI	12.3%	13.9%	11.9%	13.1%
Total outside liabilities/Tangible net worth (times)	0.2	0.3	0.3	0.3
Total debt/OPBDIT (times)	0.6	0.7	0.8	0.8
Interest coverage (times)	29.9	23.7	23.6	20.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization; *Provisional

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)	Aug 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-term	35.00	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-	Mar 30, 2023	[ICRA]A+ (Stable)
Packing Credit/ Foreign Bill Discounting	Long-term	192.00	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-	Mar 30, 2023	[ICRA]A+ (Stable)
Standby Line of Credit	Long-term	38.00	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-	Mar 30, 2023	[ICRA]A+ (Stable)
Term Loan	Long-term	25.00	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-	-	-
Bank Guarantee	Short-term	15.50	[ICRA]A1	May 24, 2024	[ICRA]A1	-	-	Mar 30, 2023	[ICRA]A1
Forward Contract Limit	Short-term	10.00	[ICRA]A1	May 24, 2024	[ICRA]A1	-	-	Mar 30, 2023	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Packing Credit/Foreign Bill Discounting	Simple
Standby Line of Credi	Simple
Term Loan	Simple
Bank Guarantee	Very Simple
Forward Contract Limit	Very 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	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit	NA	NA	NA	35.00	[ICRA]A+ (Stable)
NA	Packing Credit/Foreign Bill Discounting	NA	NA	NA	192.00	[ICRA]A+ (Stable)
NA	Standby Line of Credit	NA	NA	NA	38.00	[ICRA]A+ (Stable)
NA	Term Loan	FY2024	NA	FY2029	25.00	[ICRA]A+ (Stable)
NA	Bank Guarantee	NA	NA	NA	15.50	[ICRA]A1
NA	Forward Contract Limit	NA	NA	NA	10.00	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Aquatica Frozen Foods Global Private Limited	59.92%	Full Consolidation

Source: Company

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