

Crystal Sea Foods Pvt. Ltd.

Instrument	Amount	Rating Action
	In Rs. crore	As on July 2016
Long Term Fund Based Limits	14.10	[ICRA]B+; assigned
Short Term Fund Based Limits	15.00	[ICRA]A4; assigned
Long/Short Term Unallocated Limits	0.40	[ICRA]B+/[ICRA]A4; assigned

ICRA has assigned the long term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 14.10 crore¹ fund based limits and short term rating of [ICRA]A4 (pronounced ICRA A four) to Rs. 15.00 crore fund based limits of Crystal Sea Foods Pvt. Ltd. (CSFPL)². ICRA has also assigned [ICRA]B+/[ICRA]A4 (pronounced ICRA A four) to Rs. 0.40 crore long/short term unallocated limits.

The assigned ratings takes into account small scale of operations and nascent stages of CSFPL's operations in highly fragmented shrimp processing industry with intense competition from domestic and international players putting pressure on the margins. The ratings also considers the inherent risks in the industry including susceptibility to diseases, changes in government policies, climate change risk as witnessed during H2, FY2016 when the cultivation was affected owing to lower rains. The ratings also factors in moderate financial profile of CSFPL with high gearing of 2.02 times as on March 31, 2016. The ratings, further takes into account the high customer concentration with top 10 customers accounting for 73% of shrimp sales during FY2016. The ratings, however, favourably takes into account more than two decades experience of promoters in the seafood industry and proximity of the company to major aquaculture region of Andhra Pradesh giving easy access to raw material. ICRA also notes the backward integration of the group into shrimp culture and also has geographical diversification for shrimp sales into various countries providing revenue visibility in the medium term.

Going forward, increase in scale of operations with stability in margins and improvement in financial structure will be the key rating sensitivities.

Company Profile

Crystal Sea Foods Pvt. Ltd (CSFPL) was incorporated as a private limited company in June 2013 at Chirala in Andhra Pradesh for setting up a shrimp processing unit with installed processing capacity of 10,500 MTPA and 1050 MT cold storage capacity. The promoters of the company namely, Mr. Amanchi Krishna Mohan, Mr. Amanchi Rajendra Prasad, Mr. Cherukuri Peddabai Naidu and Mr. Syed Waseem have more than 20 years of experience in prawn cultivation and marketing and have a good network with aquaculture farmers and traders. The shrimp processing unit is a forward linkage to the existing shrimp culture.

Recent Results

The company reported an operating income of Rs. 51.58 crore with profit after tax of Rs. 0.48 crore as on March 31, 2016. (Provisional and Unaudited)

July 2016

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¹100 lakh = 1 crore = 10 million

²For complete rating scale and definitions, please refer to ICRA's website <http://www.icra.in> or other ICRA Rating Publications.



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