

Sanchita Frozen Foods Private Limited

Instrument	Amount	Rating Action As on July 2016
Short-Term Fund-Based Limit – Packaging Credit/ Post Shipment Credit	Rs.10.00 Crore	[ICRA]A4+ ; assigned

ICRA has assigned the short-term rating at [ICRA]A4+ (pronounced ICRA A four plus) for the Rs.10.00 crore bank facilities of Sanchita Frozen Foods Private Limited (SFFPL or the company). While assigning the rating ICRA has taken a consolidated view of the two companies - Sanchita Frozen Foods Private Limited and Sanchita Marine Products Pvt. Ltd., given the common management and business profile. The rating assigned positively reflects SFFPL's healthy growth in top line on account of the increase in demand for seafood. The rating also favourably factors in the promoters' long experience in the seafood industry as well as the favourable location of the plant, with easy access to raw materials. The rating also favourably considers the growing demand for Indian seafood in the overseas market, especially in the European Union, a major market of the company and the proximity of the group's cold processing facilities to major aqua-culture belts, which reduces the risk of raw material availability.

The rating is, however, constrained by high customer concentration risk, moderately leveraged capital structure, the limited pricing flexibility arising from intense competition in the highly fragmented seafood industry, with minimal product differentiation. The rating also takes into account the inherent risks associated with the seafood industry like susceptibility to disease, climate change risk, vulnerability to regulations proposed by importing nations, export benefits provided by the Indian Government and the susceptibility of earnings to raw material prices and exchange rate volatility. Going forward, the ability of the group to improve the capital structure and sustain revenue growth and profitability (given the subdued price trend and gradual recovery of supply from the South East Asian countries, post disease outbreak) would remain the key rating sensitivities.

ICRA expects moderate pace of revenue growth from FY2017 onwards, driven by increasing demand. The profitability of the company is expected to remain strong, however, it will continue to remain exposed to adverse fluctuations in raw material prices, given the company's limited bargaining power with customers. In ICRA's view, the company's ability to efficiently manage the impact of the raw material price changes on its profitability, thereby improving the margins, and its capital structure by managing working capital requirements efficiently, will remain the key rating sensitivities.

Company Profile

Sanchita Frozen Foods Private Limited (SFFPL) was set up in 2003 and is involved in the storage and supply of frozen sea products such as different varieties of shrimps, fish, etc. The promoters have been involved in the seafood processing business for more than two decades. It has its registered office and manufacturing facility at Navi Mumbai.

Sanchita Frozen Foods Private Limited has a group company Sanchita Marine Products Private Limited, (SMPPL, *rated [ICRA]A4+*), which is engaged in a seafood processing and trading business for more than two decades. Currently SMPPL mainly exports shrimps of different varieties. The company also exports other sea products like cephalopods, ribbon fish, silver pomfret, etc as per the client's needs.

Recent Results

SFFPL recorded a net profit after tax of Rs.2.62 crore on an operating income of Rs. 43.29 crore for the year ending March 31, 2016 (provisional).

July 2016



For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)

subrata@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)

jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500