August 10, 2026

Sandhya Marines Limited: Ratings upgraded and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Cash credit	35.00	35.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable)	RBI
Long-term – Packing credit/ Foreign bill discounting/ Standby letter of credit	192.00	267.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable); assigned for enhanced amount	RBI
Long-term – Standby line of credit	38.00	38.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable)	RBI
Short-term – Bank guarantee	15.50	15.50	[ICRA]A1+; upgraded from [ICRA]A1	RBI
Short-term – Forward contract Limit	10.00	10.00	[ICRA]A1+; upgraded from [ICRA]A1	RBI
Long-term – Term loan	25.00	0.00	-	RBI
Total	**315.50**	**365.50**		

**Instrument details are provided in Annexure I*

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

For arriving at the ratings, ICRA has considered the consolidated financials of Sandhya Marine Limited (SML) and its investee entity, Aquatica Frozen Foods Global Private Limited (AFFGPL), collectively referred to as 'the group'.

The upgrade in the ratings considers the healthy improvement in the group's revenues, earnings and cash flows in FY2026 as well as an expectation of stable growth over the medium term. Operating income (OI) grew by 20% on a year-over-year (YoY) basis to Rs. 2,609.6 crore in FY2026, primarily supported by higher shrimp realisation amidst increasing focus on value-added products. The group has two streams of revenues, with around 62% of revenues generated from sale of shrimp and the rest through the sale of feed. While revenues from the feed segment remained flat, a sharp growth in shrimp segment aided the revenue growth in FY2026. Shrimp realisation improved by around 30% YoY in FY2026, with increased focus on the value-added segment and a supportive currency movement, even as incremental tax levies by the US government were seen as headwinds. The group's operating profit margins also consequently rose by around 150 basis points (bps) YoY to 15.2% in FY2026. The financial profile continues to be robust, characterised by net debt-negative status, healthy return on capital employed (RoCE) and a strong liquidity position. The ratings also remain supported by vast experience of the promoters and the location-specific advantage as its processing facilities are in proximity to the major aquaculture belt of Andhra Pradesh (AP), which fulfils 98% of its raw material requirements, thus leading to regular availability of raw materials at lower landed costs.

The ratings, however, remain constrained by the group's elevated exposure to geographical and customer concentration risks. Within the shrimp processing segment in FY2026, it derived more than 50% of its revenue from the US market, with the top 3 customers in the segment contributing around 54% of its revenue, thus exposing the business to any change in global consumption patterns and tariff changes. With over 53% of consolidated revenue derived from the export market, the group remains exposed to foreign exchange (forex) risks. However, a portion of forex risk is mitigated by availing foreign currency loans. It did not hedge its export receivables through forward contracts in FY2026, given the benefits from rupee depreciation. Akin to other shrimp exporters, the group also 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 ratings also consider the fragmented nature of the industry and the inherent risks, such as disease outbreaks and climate changes, which affect the quality of shrimp farmed.

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

Key rating drivers and their description

Credit strengths

Established track record of business and vast experience of the promoters – Established in 1987, SML has been involved in the seafood 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. Repeat orders from clients reflect acceptable product quality. 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.

Strong financial risk profile – SML's consolidated revenue grew by around 20% in FY2026 on a YoY basis to Rs. 2,609.6 crore, supported by an increase in shrimp realisation as well as volume. The consolidated operating margins rose by 150 bps YoY to 15.2% in FY2026 owing to improvement in realisation and various cost-saving measures undertaken by the entity. SML's capital structure, on a consolidated basis remains strong, as reflected by TOL/TNW of 0.3 times as on March 31, 2026, supported by cash and liquid investments worth Rs. 747.5 crore. Both the capital structure as well as profits were robust, which kept SML's debt coverage metrics healthy, as reflected by an interest coverage of 20.9 times in FY2026. The RoCE also stood at a comfortable level of 26.0% in FY2026.

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

Credit challenges

Exposed to high geographical and customer concentration risks – SML remains exposed to high geographical concentration risk as it derives around 62% of revenues from the processing segment on a consolidated basis. It generated 35% of the revenue from the shrimp feed segment from India on a consolidated basis. Further, the top three customers contributed around 77% to the standalone revenue from SML's processing segment in FY2026, indicating high customer concentration. Nevertheless, ICRA notes that the top three customers in the feed segment contributed only 12% to the standalone revenue generated from the feed segment in FY2026.

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 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 company remains exposed to forex risks which it has not mitigated through hedging, given the benefits from rupee depreciation.

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, 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 shrimp production. Despite technical advancement, virus contamination in shrimps remains a risk.

Liquidity position: Strong

The group's liquidity position, on a consolidated basis, is likely to remain Strong, supported by expected healthy cash flow from operations, free cash and liquid investment of Rs. 747.5 crore and a cushion in its working capital limits of Rs. 232.6 crore as on March 31, 2026. The average working capital utilisation over the last 12 months ending in April 2026 stood at around 48% of the sanctioned limit of Rs. 425.0 crore. Against these sources of cash, the entity has minimal capex plans and has repayment obligations of Rs. 1.3 crore in FY2027 and Rs. 2.0 crore in FY2028.

On a standalone basis, SML had free cash and liquid investments of Rs. 554.8 crore and a cushion in its working capital limits of Rs. 143.1 crore as on March 31, 2026. The average working capital utilisation over the last 12 months ending in April 2026 stood at around 52% of the sanctioned limit of Rs. 265.0 crore.

Rating sensitivities

Positive factors – ICRA may upgrade the company's ratings upon a sustained improvement in its scale of business, supported by customer and geographical diversification, while maintaining profitability and debt protection metrics.

Negative factors – Pressure on the ratings could arise if there is a material deterioration in the consolidated earnings, cash flows or debt protection metrics. Any large debt-funded capex/inorganic growth or a significant elongation in the working capital cycle, resulting in weakening of cash flows and material deterioration in cash reserves of the company may also cause a downward rating revision. Specific credit metrics that may trigger a ratings downgrade include Total Debt/OPBDITA of more than 1.2 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

SML was incorporated in July 1987 to process and export a particular variety of shrimp called Vannamei Shrimp. The company's export income contributes 99% of the total revenue generated from the shrimp processing segment. It ventured into the shrimp feed segment in FY2019 and has scaled up revenues from this segment substantially over the last few years.

SML is promoted by Dr. K. Venkateshwara Prasad (Managing Director), who has been in the shrimp processing industry for the past three decades. Dr. K.V. Prasad, along with his two sons, Mr. Arun Kumar and Mr. Anand Kumar, oversees the day-to-day activities of the company.

SML's shrimp processing facility is in Palakole, Andhra Pradesh (5 hours from Vishakhapatnam), with a processing capacity of around 25,440 MT of shrimp per annum. Palakole is one of the major centres for aquaculture operations in AP. SML's cold storage units are in Palakole and Vishakhapatnam. For the feed segment, the company has three identical production units with six lines, with an overall capacity to produce 1.53 lakh MT of feed per year. It exports the bulk of its shrimp produce through the Chennai and Vizag ports.

Key financial indicators

SML	Standalone		Consolidated	
	FY2025	FY2026*	FY2025	FY2026*
Operating income (OI)	1662.2	2028.0	2183.5	2609.6
PAT	174.1	210.9	222.0	282.5
OPBDITA/OI	14.3%	15.1%	13.8%	15.2%
PAT/OI	10.5%	10.4%	10.2%	10.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	0.3	0.3
Total debt/OPBDITA (times)	0.7	0.5	0.8	0.5
Interest coverage (times)	20.7	20.6	18.5	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 amortisation; *Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 10, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	35.00	[ICRA]AA- (Stable)	Aug 18, 2025	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-
Packing credit/ Foreign bill discounting/ Standby letter of credit	Long-term	267.00	[ICRA]AA- (Stable)	Aug 18, 2025	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-
Standby line of credit	Long-term	38.00	[ICRA]AA- (Stable)	Aug 18, 2025	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-
Term loan	Long-term	0.00	-	Aug 18, 2025	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-
Bank guarantee	Short-term	15.50	[ICRA]A1+	Aug 18, 2025	[ICRA]A1	May 24, 2024	[ICRA]A1	-	-
Forward contract limit	Short-term	10.00	[ICRA]A1+	Aug 18, 2025	[ICRA]A1	May 24, 2024	[ICRA]A1	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Packing credit/Foreign bill discounting/Standby letter of credit	Simple
Standby line of credit	Simple
Bank guarantee	Simple
Forward contract limit	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	Financial Sector Regulator#
NA	**Cash credit**	NA	NA	NA	35.00	[ICRA]AA- (Stable)	RBI
NA	**Packing credit/Foreign bill discounting/ Standby letter of credit**	NA	NA	NA	267.00	[ICRA]AA- (Stable)	RBI
NA	**Standby line of credit**	NA	NA	NA	38.00	[ICRA]AA- (Stable)	RBI
NA	**Bank guarantee**	NA	NA	NA	15.50	[ICRA]A1+	RBI
NA	**Forward contract limit**	NA	NA	NA	10.00	[ICRA]A1+	RBI

Source: Company

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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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