



Press Release

Pasupati Aquatics Private Limited

September 09, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	44.33 (reduced from Rs. 53.05 crore) (including proposed limit of Rs.5.00 crore)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facilities	80.65 (enhanced from Rs. 73.65 crore) (including proposed limit of Rs.5.00 crore)	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Reaffirmed and assigned	Simple
Total	124.98 (INR One hundred twenty-four crore ninety-eight lakhs only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3

Detailed Rationale

The ratings assigned to the bank facilities of Pasupati Aquatics Private Limited (PAPL) considers the common management team and operational & financial linkages between PAPL and its group concern Kasturi Aqua Life Products Private Limited (KALPPL). Infomerics has taken a combined view of these two entities referred together as Pasupati group.

The reaffirmation of the ratings assigned to the existing bank facilities, and the ratings assigned to the enhanced short term bank facilities of Pasupati Aquatics Private Limited (PAPL) derives strength from its experienced promoters with established relationship in the seafood industry, long years of relationship with many clients, partially integrated operations. Further the ratings factor in the improvement in operating performance. However, these rating strengths are constrained by leveraged capital structure with adequate debt protection metrics, presence in a highly regulated industry, susceptibility to fluctuations in foreign exchange rates and exposed to fluctuations in raw shrimp and processed shrimp prices.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in scale of operations leading to improvement in profitability
- Improvement in the capital structure with improvement in overall gearing ratio and improvement in debt protection metrics
- Improvement in working capital cycle strengthening the liquidity.

Downward Factors

- Any decline in scale of operations and/or moderation in profitability leading to deterioration in debt protection metrics.
- Moderation in the capital structure on account of withdrawal of unsecured loan of Rs.10.00 crore and any unplanned debt funded capex leading to moderation in the overall gearing ratio and moderation in interest coverage
- Stretch in working capital cycle weakening liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with established relationship in the seafood industry

The promoters Mr. Subhajit Mondal and other directors who are family members have been involved with the seafood industry for almost two decades. Over the years, they have developed a very healthy network of clients, which has been instrumental for the success of Pasupati group. Besides, their experience has also been helpful in tiding the group through ups and down through the nearly last two decades.

Long years of relationship with many clients

PAPL normally exports to clients in USA, Japan, UK, China, Canada etc. and have relationships of more than a decade with most of the clients in these countries, particularly in USA. The strong relationship quotient has ensured repeat orders from these clients who are satisfied with the quality and price dynamics of PAPL. Further, KALPL provides seed and feed to the farmers since inception and helps them financially by extending credit period. These



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relationships definitely strengthen the business foundation of Pasupati group. Furthermore, KALPL is one of the largest authorized distributors of CPF India Private Limited (CPF) for its seeds, feeds & supplements in West Bengal and Odisha.

Partially integrated operations

The customers for KALPL are the suppliers for PAPL (common for both the companies). The amount of seed and feed sold to the farmers for the culture of the fish and shrimp and accounted in KALPL and PAPL purchases the stock from the farmers for export. The balance amount is settled and the amount is generally squared off, this leads to cash flow movement between the two companies. Also, there is a land of 150 acre in KALPL cultivating fish and shrimp. These are also sold to PAPL however, the amount is very low. Also, both the companies are based in West Bengal and the processed shrimps are sold under the brand names viz. Kasturi, Kasturi Gold and Kasturi Platinum, and are exported entirely to various countries across the globe.

Improvement in operating performance

The total operating revenue of the group witnessed a y-o-y growth of ~3.61% to Rs. 462.74cr in FY24(Prov.) (refers to period April 1st, 2023, to Mar 31, 2024) from Rs.446.60cr in FY23 (refers to period April 1st, 2022, to Mar 31, 2023) on account of healthy demand for shrimps. The EBITDA Margin of the group has improved marginally to 7.52% in FY24(Prov.) from 7.46% in FY23 mainly due to higher absorption of fixed overheads coupled with gradual rise in average sales realisation. Despite marginal increase in interest expenses the PAT margin remained moderate at 1.99% in FY24(Prov.) (2.10% in FY23). Considering favourable market for marine product, TOI increased to Rs.149.22 crore in Q1FY25 as against Rs.141.59 crore in Q1FY24

Key Rating Weaknesses

Leveraged Capital Structure with adequate debt protection metrics

The capital structure of the group remained leveraged even after considering the unsecured loan from the promoter of Rs.10.00 crore. Further, the overall gearing ratio improved to 1.89x in FY 24(Prov.) as against 2.38x in FY23. Also, debt to equity ratio remain comfortable to 0.40



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in FY24 (Prov.) as against 0.42 in FY23. The overall indebtedness of the company marked by adjusted TOL/TNW to 3.35x in FY24(Prov.) as against 4.03x in FY23, the high TOL/TNW is due to adjustment of dispute debtors in the networth amounting Rs. 8.39 crore. The Debt protection metrics marked by interest coverage ratio stood comfortable at 2.09x in FY24 (Prov.) as compared to 2.16x in FY23 the moderation in ICR is due to increase in interest cost. Total debt/ EBITDA stood to 4.21x in FY24 (Prov.) as compared to 4.88x in FY23. Also, Total debt/ NCA stood to 8.38x in FY24 (Prov.) as compared to 8.78x in FY23 due to decrease in total debt. Further, DSCR moderated to 1.41x in FY24 (Prov.) as against 1.99x in FY23

Presence in a highly regulated industry

Since seafood is a depleting commodity, there are strict regulations against excessive fishing and every now and then new regulations crop up across the world restricting the trade of seafood including shrimps. These regulations do restrict the growth of the seafood exporters including Pasupati group.

Susceptibility to fluctuations in foreign exchange rates

The revenue of PAPL is generated from exports to various countries, PAPL is highly exposed to fluctuations in foreign exchange rates. PAPL, however, does have a hedging policy in place to mitigate this through forward contracts for large orders.

Exposed to fluctuations in raw shrimp and processed shrimp prices

The processed shrimp prices are exposed to international markets demand and supply dynamics, that keep fluctuating due to which the firm has limited ability to pass on any increase in raw material prices to its customers. Pasupati group procures raw shrimps from both shrimp farms and fishermen in Andhra Pradesh. The price demanded by the fishermen varies depending on the availability and quantum of marine catches

Analytical Approach: Combined.

For arriving at the ratings, Infomerics has combined the business and financial risk profiles of Pasupati Aquatics Private Limited and Kasturi Aqua Life Private Limited. This is because these companies, collectively referred to as the Pasupati group, are under control of same 5



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promoters, have business and financial linkages and have extended corporate guarantees to each other.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Default recognition policy](#)

[Consolidation of Companies](#)

Liquidity – Adequate

The liquidity of the company is expected to remain adequate, marked by its expected healthy gross cash accruals vis-à-vis its debt repayment obligations in the projected tenure. The company has earned a gross cash accrual of Rs.17.47 crore in FY24(Prov.). Further, the company has projected to earn sufficient cash accruals in the range of ~Rs. 20.00 crore and Rs. 28.00 crore in comparison to its debt repayment obligation of Rs 5.00 crore to Rs 8.00 crore in the projected period of FY25 to FY27. Moreover, the average fund-based limit utilization of the group remained adequate at ~91% indicating a satisfactory liquidity buffer. Furthermore, the absence of any major capex plan in the near term provides an additional liquidity buffer.

About the Company

Incorporated in 2007 as a private limited company by Mr. Chintamani Mondal and currently handled by his son – Mr. Subhajit Mondal, Pasupati Aquatics Private Limited (PAPL) is engaged in processing & exports of various types of processed fishes, especially processed shrimps. Until FY21, the company outsourced the raw shrimps processing activity to 3 outside units, however, since October 2021, it has commenced its in-house raw shrimps processing unit located at Haria in Medinipur, West Bengal, equipped with an installed capacity of 19,600 MTPA of raw shrimps processing, utilized at 39.15% in FY23 as against 10.26% in FY22. The processed shrimps are sold under the brand names viz. Kasturi, Kasturi Gold and Kasturi Platinum, and are exported entirely to various countries across the globe. Moreover, the



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company also owns 150 acres of water bodies wherein it cultivates & grows raw shrimps on its own. Furthermore, the company is also engaged in trading of processed shrimps.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	328.59	330.79
EBITDA	26.04	26.98
PAT	7.85	7.58
Total Debt	108.49	96.66
Tangible Net Worth	51.47	59.05
EBITDA Margin (%)	7.93	8.16
PAT Margin (%)	2.38	2.28
Overall Gearing Ratio (x)	2.11	1.64
Interest Coverage (x)	2.52	2.36

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

ACUITE Rating has maintain the rating of PAPL into the Issuer Non-Cooperating category on account of information risk in the rating procedure despite repeated follow ups as per the Press Release dated July 18, 2023.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned 2023-24	Date(s) & Rating(s) assigned 2022-23	Date(s) & Rating(s) assigned in 2021-22
					July 19, 2023	-	-
1	Term loan	Long Term	10.47	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2	MT Business Loan	Long Term	2.61	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
3	MT Business Loan	Long Term	2.25	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-



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Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) Rating(s) assigned 2023-24 & in	Date(s) Rating(s) assigned 2022-23 & in	Date(s) & Rating(s) assigned in 2021-22
4	ST Overdraft Loan	Long Term	24.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
5	Proposed Cash Credit	Long Term	5.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
6	FDB/FBE	Short Term	29.50*	IVR A3	IVR A3	-	-
7	Standby FDB/FBE	Short Term	5.00	IVR A3	IVR A3	-	-
8	Bank Guarantee	Short Term	1.00	IVR A3	IVR A3	-	-
9	Forward Contract	Short Term	0.15	IVR A3	IVR A3	-	-
10	PCL/PCFC	Short Term	25.00^	IVR A3	IVR A3	-	-
11	Forward Contract	Short Term	5.00	IVR A3	IVR A3	-	-
12	FDBP/FUBP/E BRD	Short Term	10.00	IVR A3	IVR A3	-	-
13	Proposed Bank Guarantee	Short Term	5.00	IVR A3	-	-	-

*Packing Credit of Rs.27.00 crore as sublimit of FDB/FBE

^FDBP/FUBP/EBRD of Rs.25.00 crore is a sublimit of PLC/PCFC

^Cash Credit of Rs.5.00 crore is a sublimit of PLC/PCFC

^BG/SBLC of Rs.1.00 crore is a sublimit of PLC/PCFC

Analytical Contacts:

Name: Sandeep Khaitan

Tel: (033)- 46022266

Email: Sandeep.khaitan@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration



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from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	-	October 2026	10.47	IVR BBB-/ Stable
MT Business Loan	-	-	-	June 2027	2.61	IVR BBB-/ Stable
MT Business Loan	-	-	-	May 2027	2.25	IVR BBB-/ Stable
ST Overdraft Loan	-	-	-	-	24.00	IVR BBB-/ Stable
Proposed Cash Credit	-	-	-	-	5.00	IVR BBB-/ Stable



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FDB/FBE	-	-	-	-	29.50*	IVR A3
Standby FDB/FBE	-	-	-	-	5.00	IVR A3
Bank Guarantee	-	-	-	-	1.00	IVR A3
Forward Contract	-	-	-	-	0.15	IVR A3
PCL/PCFC	-	-	-	-	25.00^	IVR A3
Forward Contract	-	-	-	-	5.00	IVR A3
FDBP/FUBP/EBRD	-	-	-	-	10.00	IVR A3
Proposed Bank Guarantee	-	-	-	-	5.00	IVR A3

*Packing Credit of Rs.27.00 crore as sublimit of FDB/FBE

^FDBP/FUBP/EBRD of Rs.25.00 crore is a sublimit of PLC/PCFC

^Cash Credit of Rs.5.00 crore is a sublimit of PLC/PCFC

^BG/SBLC of Rs.1.00 crore is a sublimit of PLC/PCFC

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Pasupati-Aquatics-09sep24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Combined analysis:

Name of the company	Combined Approach
Pasupati Aquatics Private Limited	Full Consolidation
Kasturi Aqua Life Products Private Limited	Full Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.