



Press Release

Pasupati Aquatics Private Limited

July 19, 2023

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	53.05 (including proposed limit of Rs.5.87 crore)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Assigned	Simple
Short Term Bank Facilities	73.65	IVR A3 (IVR A three)	Assigned	Simple
Total	126.70 (INR One hundred twenty six crore and seventy lakh only)			

Details of Facilities are in Annexure 1

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 Private Limited (KALPL). Infomerics has taken a combined view of these two entities referred together as Pasupati group. The rating 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 in FY23 (prov.) along with the profitability metrics. 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.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in scale of operations leading to improvement in profitability



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- Improvement in the capital structure with improvement in overall gearing ratio to below 1.5 x and/or 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 to over 2.5x and/or moderation in interest coverage to below 2x
- 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 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.



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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 in FY23 (prov.)

The topline of the group has been volatile during the last three fiscal years affected by the cyclone Amphan and Covid 19 majorly hampering the business of Kasturi Aqua Life Private Limited (KALPL). The topline on combined basis improved to Rs.443.69 crore in FY23 (prov.) from Rs.421.70 crore in FY21 backed by healthy demand for shrimps and with commencement of its own processing unit in October 2021. With the rise in the topline, EBIDTA and PAT improved to Rs. 33.74 crore and Rs.8.89 crore in FY23 (prov.) from Rs.17.08 crore and Rs.5.99 crore in FY21. EBIDTA margin gradually improved to 7.60% in FY23(prov.) from 4.05% in FY21 mainly due to higher absorption of fixed overheads coupled with gradual rise in average sales realisation. Fuelled by the rise in EBIDTA, PAT margin improved to 1.99% in FY23 from 1.41% in FY21. Improvement in profitability has also helped the company to enhance its cash accruals from Rs.17.06 crore in FY23(prov.) from Rs.8.22 crore in FY21.

Key Rating Weaknesses

Leveraged Capital Structure with adequate debt protection metrics

The capital structure of the group remained leveraged over the past three fiscal years with overall gearing remaining at 2.61x as on March 31, 2023(prov.) and moderated from 2.54x as on March 31, 2021 due to increase in the total borrowing specifically for capex. TOL/TNW stood at 4.12x as on March 31, 2023(prov.) moderating from 3.50x as on March



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31, 2021 due to increase in working capital limits. Considering the unsecured loans from the promoters of Rs. 10.00 crore, Adjusted overall gearing stood at 2.14x as on March 31, 2023(prov.) and moderated from 2.20x as on March 31, 2021. Long term debt to equity remained at 0.37x as on March 31, 2023(prov.) and improved from 0.54x as on March 31, 2021 due to repayment of the Term Loan. Adjusted TOL/TNW stood at 3.57x as on March 31, 2023(prov.) and moderated from 3.17x as on March 31, 2021. The debt protection metrics remained satisfactory marked by interest coverage at 2.08x in FY23 and increased from 1.82x in FY21 due to the increase in profitability. Total Debt to EBIDTA and Total Debt to GCA improved to 4.81x and 9.52 years from 6.89x and 14.31 years in FY21.

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



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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](#)

[Rating Methodology for Trading Companies](#)

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

[Criteria for assigning rating outlook](#)

[Criteria on Consolidation](#)

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.24.50 crore in FY23. Further, the company has projected to earn sufficient cash accruals in the range of ~Rs. 28 crore and Rs. 36 crore in comparison to its debt repayment obligation of Rs 10.25 crore to Rs 10.02 crore in the projected period of FY24 to FY26. Moreover, the average fund based limit utilisation of IGPL remained adequate at ~74% and the average non fund based limit utilisation remained at 60% during the past 12 months ended April 2023 indicating a satisfactory liquidity buffer. Furthermore, the absence of any major capex plan in the near term provides additional liquidity buffer.

About the Company

Pasupati group is a West Bengal based group engaged in various lines of business like trading of bikes, running school and bus services along with the main business of trading of feed, seeds and processing and export of shrimps.

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



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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 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 (Combined):

For the year ended* / As on	(Rs. crore)	
	31.03.2022	31.03.2023
	Audited	Provisional
Total Income	485.03	443.69
EBIDTA	25.48	33.74
PAT	8.99	8.89
Total Debt	134.34	162.33
Tangible Net Worth	57.28	66.02
Adjusted Tangible Net Worth	67.28	76.02
EBDITA Margin (%)	5.25	7.60
PAT Margin (%)	1.84	1.99
Overall Gearing Ratio (x)	2.52	2.61
Adjusted Gearing Ratio (x)	2.00	2.14

**Classification as per Infomerics' standards*

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31.03.2022	31.03.2023
	Audited	Provisional
Total Income	300.36	328.23
EBIDTA	18.62	27.06
PAT	6.40	7.61
Total Debt	81.75	108.49
Tangible Net Worth	42.16	49.61
Adjusted Tangible Net Worth	52.16	59.61
EBDITA Margin (%)	6.20	8.24
PAT Margin (%)	2.12	2.31
Overall Gearing Ratio (x)	2.18	2.39
Adjusted Gearing Ratio (x)	1.57	1.82

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA:



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Acuite Ratings has moved the rating of PAPL into the Issuer Non-Cooperating category on account of non receipt of information for conducting the surveillance and review the rating via press release dated April 06, 2023.

CARE Ratings Ltd. had, placed the rating(s) of Pasupati Aquatics Private Limited (PAPL) under the 'issuer non-cooperating' category as PAPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement and continues to be non - cooperative despite repeated requests for submission of information via Press release dated July 12, 2023.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term loan	Long Term	16.00	IVR BBB-/ Stable	-	-	-
2.	MT Business Loan	Long Term	3.95	IVR BBB-/ Stable	-	-	-
3.	MT Business Loan	Long Term	3.23	IVR BBB-/ Stable	-	-	-
4.	ST Overdraft Loan	Long Term	24.00	IVR BBB-/ Stable	-	-	-
5.	Proposed Cash Credit	Long Term	5.87	IVR BBB-/ Stable	-	-	-
6.	FDB/FBE	Short Term	29.50*	IVR A3	-	-	-
7.	Standby FDB/FBE	Short Term	3.00	IVR A3	-	-	-
8.	Bank Guarantee	Short Term	1.00	IVR A3	-	-	-
9.	Forward Contract	Short Term	0.15	IVR A3	-	-	-
10.	PCL/PCFC	Short Term	25.00^	IVR A3	-	-	-
11.	Forward Contract	Short Term	5.00	IVR A3	-	-	-



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
12	FDBP/FUBP /EBRD	Short Term	10.00	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

Name and Contact Details of the Rating Analyst:

Name: Preety Jalan	Name: Sandeep Khaitan
Tel: (033)- 46022266	Tel: (033)- 46022266
Email: preety.jalan@infomerics.com	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 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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recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	October 2026	16.00	IVR BBB-/Stable
MT Business Loan	-	-	June 2027	3.95	IVR BBB-/Stable
MT Business Loan	-	-	May 2027	3.23	IVR BBB-/Stable
ST Overdraft Loan	-	-	-	24.00	IVR BBB-/Stable
Proposed Cash Credit	-	-	-	5.87	IVR BBB-/Stable
FDB/FBE	-	-	-	29.50*	IVR A3
Standby FDB/FBE	-	-	-	3.00	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

*FCTL of Rs.18.08 crore is a sublimit of Term Loan

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



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^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: List of companies considered for consolidated analysis:

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-PAPL-jul23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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.