Sharat Industries Limited

June 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	27.95	CARE BBB+; Stable	Assigned
Long-term / Short-term bank facilities	112.00	CARE BBB+; Stable / CARE A2	Assigned
Short-term bank facilities	10.00	CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to bank facilities of Sharat Industries Limited (SIL) derive strength from promoters' extensive experience in the seafood industry and long track record of operations, moderately integrated facilities with proximity to the major aquaculture belt of Andhra Pradesh. Ratings also factor its geographically diversified customer base, improved scale of operations, and capital structure.

However, ratings are constrained by highly regulated and competitive nature of the seafood export industry, operations largely concentrated at a single location, and susceptibility of profit margins to raw material volatility and foreign exchange fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with total operating income (TOI) above ₹1000 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8.00% on a sustained basis.
- Improvement in debt coverage indicators marked by total debt to gross cash accruals (TD/GCA) below 3x.

Negative factors

- Deterioration of leverage levels with overall gearing deteriorating above 1.00x on a sustained basis.
- Significant stretch in operating cycle beyond 160 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects the company to benefit from promoters' experience, geographically diversified customer base, and integrated nature of operations to sustain its performance in the medium term.

Detailed description of key rating drivers:

Key strengths

Long track record with moderately integrated operations

SIL has over 35 years of operational vintage in shrimp farming and processing, having commenced operations in 1990 during early stages of organised shrimp farming in India. The company follows a moderately integrated business model with a presence across feed manufacturing, shrimp farming, and shrimp processing. SIL has shrimp processing capacity of 7,500 MTPA, supported by individual quick freezing (IQF) and block-freezing facilities, and cold storage capacity of 1,900 MT and the facility is strategically located in Nellore, Andhra Pradesh, one of India's key shrimp cultivation regions, providing proximity to major sourcing areas. The unit complies with international food safety and quality standards, including Hazard Analysis and Critical Control Point (HACCP), Brand Reputation through Compliance Global Standards (BRC), European Union (EU), Rosselkhoznadzor, and United States Food and Drug Administration (USFDA) requirements, enabling access to regulated export markets. The company's backward integration through owned shrimp farms spanning ~500 acres support a portion of its raw material requirements. Its

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

feed manufacturing division caters to captive consumption and external sales, providing an additional revenue stream. Feed sales under the 'Vannastar' brand contributed ~12% of the company's FY26 revenue.

Extensive experience of promoters

The company is led by Prasad Reddy, Managing Director, who has over four decades of experience in seafood processing and shrimp aquaculture. The second-generation promoter, Sharat Reddy, has been associated with the company since 2014 and is actively involved in the company's management.

Improved scale of operation supported by market diversification

Over the years, the company has successfully diversified its export footprint, significantly reducing its dependence on the US market, which accounted for over 70% of revenue prior to FY23. SIL established an early presence in the Russian market, following approval from Rosselkhoznadzor in 2016, and has steadily expanded its customer base in the region, resulting in Russia emerging as its largest export market in recent years. The diversified market presence provided resilience against tariff-related uncertainties in the US market in FY26. The company expanded its presence in the Chinese market in FY26 through exports of Black Tiger shrimp under a processing arrangement with a Gujarat-based seafood processor. The company's scale of operations has nearly doubled in the last four years, with TOI registering strong growth of 38% in FY26, to ₹524.72 crore from ₹381.65 crore in FY25, supported by market diversification and increased export volumes. Diversification efforts have also broadened the company's product portfolio beyond Vannamei shrimp, and expanded sourcing avenues beyond Andhra Pradesh, strengthening its overall business profile.

Improvement in capital structure and coverage indicators

SIL's capital structure strengthened in the last two years, primarily driven by the rights issue undertaken in FY25, through which the company raised ~₹48 crore, significantly augmenting its net worth. Improved accruals in the last two fiscals have further strengthened the company's capital base. Overall gearing remained moderate at 0.87x as of March 2026 against 1.24x as of March 2024.

The debt profile primarily comprises working capital borrowings and loans availed under the Credit Guarantee Scheme for Exporters (CGSE) scheme. Debt protection metrics improved in FY26, with interest coverage increasing to 3.07x from 2.59x in FY25 and TD/GCA at 6.01x as of March 2026 (PY: 7.76x). Capital structure and debt protection metrics are expected to strengthen gradually in the medium term, supported by improving earnings and the absence of significant debt-funded capital expenditure plans.

Key weaknesses

Exposure to raw material price volatility and foreign exchange fluctuations

SIL's profitability remains exposed to fluctuations in shrimp prices, which are driven by global demand-supply conditions and farm-level production trends. While the company generally passes on raw material cost movements to customers, timing mismatches can affect margins. Earnings are also susceptible to foreign exchange fluctuations, given the export-oriented nature of operations. Despite a strong increase in revenue in FY26, operating profitability moderated, with PBILDT margin declining to 6.9% from 7.8% in FY25, owing to logistical disruptions in the fourth quarter and a higher share of relatively lower-margin raw shrimp sales.

Presence in highly competitive and regulated industry

The seafood industry is characterised by intense competition, with presence of numerous small and large players. In addition, exporters face significant competitive pressure from countries, such as Ecuador and those in South-East Asia, which affects price realisations. The export segment is also highly regulated, with stringent quality and compliance requirements. The company is exposed to changes in import regulations, quality standards, trade policies, and tariff structures in its key export destinations. Adverse regulatory developments or changes in duty structures could impact operational performance. However, this risk is mitigated to an extent by SIL's moderately diversified export profile across multiple geographies, reducing its dependence on single market.

Exposure to disease risk and climatic conditions

As an agro-based commodity, shrimp farming is inherently exposed to climatic variations, which can influence production levels and raw material prices. The sector is also vulnerable to disease outbreaks, as shrimp are susceptible to viral and bacterial infections. Given the cluster-based nature of shrimp farming, the spread of disease can occur rapidly and result in significant production losses. However, Vannamei species, which constitutes a major share of the SIL's production, has demonstrated relatively greater disease resistance compared to the Black Tiger variety. The Indian shrimp farming industry has not witnessed major disease outbreak in the last decade.

Liquidity: Adequate

The company's liquidity is adequate characterised by GCA of ₹20.76 crore in FY26 against repayment obligations of ₹3.66 crore in FY27. The company has unencumbered cash bank balance of ₹20.08 crore as of March 31, 2026. The operating cycle has improved to 125 days in FY26 (PY: 145 days) with improved inventory turnover in the newly ventured black tiger export business and better credit terms with customers. Average working capital utilisation for 12 months ending on April 2026 stood at 92%.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Seafood

Incorporated in 1990, SIL is an integrated aquaculture player engaged in shrimp farming, feed manufacturing, and shrimp processing, primarily catering to export markets. The company's operations are primarily based out of own facilities in Nellore, Andhra Pradesh. The company is among early participants in India's organised aquaculture sector and in the commercial adoption of Vannamei shrimp cultivation in the country. The company got itself listed on stock exchanges in 1995. SIL is promoted by S. Prasad Reddy, Managing Director, who has over four decades of experience in the seafood and aquaculture industry. He is supported by the second-generation promoter, Sharat Reddy, who is actively involved in the company's management and oversees its day-to-day operations.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	302.16	381.65	524.72
PBILDT*	21.46	29.67	36.03
Profit after tax (PAT)	5.87	9.96	15.90
Overall gearing (x)	1.24	0.89	0.87
Interest coverage (x)	2.21	2.59	3.07

A: Audited; Note: These are latest financial results available.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2030	27.95	CARE BBB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	112.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-BG/LC		-	-	-	10.00	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	27.95	CARE BBB+; Stable				
2	Non-fund-based - ST-BG/LC	ST	10.00	CARE A2				
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	112.00	CARE BBB+; Stable / CARE A2				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

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About us:

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