Coastal Corporation Limited

August 6, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	273.50	CARE D / CARE D	Downgraded from CARE BB; Stable / CARE A4
Long-term bank facilities	RBI	68.28	CARE D	Downgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded ratings assigned to bank facilities of Coastal Corporation Limited (CCL) to "CARE D/ CARE D" considering instances of delays in the servicing of its debt repayment obligations with DBS Bank India Limited in four instances as identified in annual report for FY26 published on August 04, 2026, additional information of the same is added below. The rating action is in line with CareEdge Ratings' policy on default recognition. CareEdge Ratings notes that CCL had been submitting clean No-Default Statements, indicating no payment delays or defaults to CareEdge Ratings up to date and including the month ended June 30, 2026.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely servicing of debt obligations (i.e. principle and interest) for minimum 3 continuous months

Analytical approach: Consolidated

Companies consolidated are listed under Annexure-5.

Consolidated business and financial risk profiles of CCL and its wholly owned subsidiaries, namely,

- Continental Fisheries India Private Limited (to export marine products)
- Seacrest Seafoods Inc. (USA) (To sell sea foods in the American markets)
- Coastal Bio-Tech Private Limited (To manufacture ethanol)

Outlook: Not applicable

Detailed description of key rating drivers considered in the last surveillance and updated for FY26 performance.

Key weaknesses

Delays in debt servicing

As disclosed in the annual report published on August 4, 2026, CCL experienced four instances of delay in servicing its monthly debt obligations, comprising principal and interest payments, during FY26. The statutory auditor has highlighted these delays in the audit report.

All four instances of delay pertained to the servicing of principal and interest obligations to DBS Bank. CareEdge Ratings was able to confirm two instances of delay in which value date of transaction was same as due date. It is understood that the outstanding obligations were denominated in foreign currency. The account designated for servicing these obligations experienced a temporary shortfall due to the appropriation of funds towards mark-to-market adjustments on the outstanding exposure. Subsequently, the account was adequately funded, following which all obligations were duly serviced.

Moderate capital structure and profitability

CCL's capital structure deteriorated as of March 31, 2025. Overall gearing increased to 1.70x in FY26 from 1.57x in FY25 due to higher total debt. Major debt comprises working capital, where utilisation is expected to remain high because of working capital intensive business, and term loan availed for ethanol plant capex and capacity upgradation. Coverage indicators deteriorated because of lower accruals due to higher interest cost. Profit before interest, lease rentals, depreciation and taxation (PBILDT) interest coverage ratio declined and stood moderate at 2.12x in FY26 compared to 1.74x in FY25. Other debt coverage indicator, total debt to gross cash accruals (TD/GCA) remained moderate at 11.32x in FY26 improved from 23.02x in FY25.

[1]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

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Geographical concentration risk with majority export sales from the US
CCL is an export-oriented entity with ~84% of total income coming from export sales, mainly from the US. This makes the company vulnerable to concentration in a single geography. As of August 07, 2025, a significant shift occurred in global shrimp market, with the US government imposing a 50% reciprocal tariff on Indian exports (including shrimp exports). Unfavourable change in the US government policy such as this has the potential to have a major impact on operational and financial performance.

With presence of over three decades, the group is among India's major seafood exporters. Following the tariff announcement, CCL entered Chinese, Russian, Japanese and European markets having equally high demand as the US. It is actively pursuing market diversification to reduce reliance on the US. Strategic partnerships with Japan's Toyo Reizo Co. Limited (Mitsubishi Corporation) and South Korea's SPC GFS Co. Limited, and expanding exports to Europe, China and Russia, are expected to mitigate geopolitical trade risks.

Operating cycle remains elongated despite improved and working capital intensive operations
CCL operates in an industry with high working capital requirement. The company procures raw material from local suppliers and agents which it later processes and exports overseas. Average collection period remained at 25-40 days, which is better than competitors. However, working capital cycle increased from 111 days in FY22 to 163 days in FY24, though it improved to 153 days in FY25, due to higher inventory level given the high transit time due to the Red Sea crisis, where the company had to reroute its transits. Maximum utilisation of fund-based working capital limits for 12 months ended June 2025 stood at 96%.

Geographical concentration risk
CCL is a 100% export-oriented unit. Customer base is concentrated mainly in the US, which contributes ~84%, followed by China, South Korea, Japan and others. This dependency resulted in lower profitability margins in FY25 and H1FY26 due to imposition of countervailing duty by the US government. The company has started exports to Russia and Japan, which is expected to support profitability.

Presence in a highly competitive industry
The seafood industry is exposed to intense competition as there are several small and large players. Players also face intense competition from Southeast Asian exporters, impacting realisations. The seafood export segment is marked by stringent regulations and quality requirements. Many export destinations, such as the US, Japan and European countries, implement timely regulations (including anti-dumping duty, food safety regulations and quality requirements) that need to be complied with.

Vulnerability to adverse changes in export incentives, international trade policies and forex risk
CCL's profitability is supported by export incentives received from the Government of India (GoI). The GoI replaced the Merchandise Exports from India Scheme (MEIS) with the Remission of Duties and Taxes on Export Products (RoDTEP) scheme in January 2021. Rate of incentive for CCL under RoDTEP is 2.5% against 5% received earlier under MEIS. Such changes in export incentives may impact margins of players in the industry. Adverse or unfavourable changes in trade policies of importing countries may affect the company's business profile, as seen in FY25 with imposition of tariffs on Indian exports in the US. The company remains exposed to forex fluctuation risks in the absence of formal hedging policy.

Disease-prone industry with dependence on climatic conditions
Shrimp farming being an agro commodity is exposed to climatic conditions. Production and raw material prices tend to fluctuate and may depend on vagaries of nature. Shrimp farming is disease-prone, as there are a variety of lethal viral and bacterial diseases that affect shrimp. However, after repeated tests, Vannamei shrimps are more resistant than Black Tiger to diseases. There has been no major disease outbreak in the last decade in the Indian seafood sector.

Unrelated diversification
The company has set up a 100% subsidiary named Coastal Biotech Private Limited for ethanol manufacturing with a capacity of 198 KLPD in Odisha. The project was delayed, limiting financial flexibility, which was already impacted by lower profitability in shrimp business. The project saw a cost overrun of ₹35 crore due to infrastructure additions and delay in machinery supply by EPC contractor with commencement of the plant from May 2025. There is pressure on liquidity due to debt repayments and interest charges from the loans taken for the Ethanol project.

Post commencement, the ethanol plant is expected to navigate its operations under volatile raw material prices, regulated selling prices and adverse movement in policies that may result in deterioration in CCL's profitability.

Liquidity: Poor
CCL's liquidity remains poor as reflected by the delays in the debt servicing.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Consolidation]
[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

CCL was incorporated by T Valsaraj in 1981. The company engages in processing and exporting frozen aqua and seafood products, mainly shrimps. Key product line comprises sea-caught and aquaculture shrimps, value-added and processed, raw or cooked in frozen blocks or IQF forms, per customer specifications. CCL got listed on BSE in 1986. On October 08, 2021, the company was approved for equity share listing on NSE. CCL's promoter has over 30 years of association with the seafood industry and manages the company.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	439.71	635.40	982.99
PBILDT*	32.49	37.71	72.81
Profit after tax (PAT)	4.52	4.48	26.65
Overall gearing (x)	1.28	1.57	1.70
Interest coverage (x)	2.12	1.74	2.12

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results
*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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-			31-01-2030	68.28	CARE D
Fund-based - LT/ ST-EPC/PSC	RBI	Simple	-		-	-	260.00	CARE D / CARE D
Fund-based - LT/ ST-Working Capital Demand loan	RBI	Simple	-		-	-	13.50	CARE D / CARE D

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/ ST-EPC/PSC	LT/ST	260.00	CARE D / CARE D	CARE BB; Stable / CARE A4 (07-Apr-26)	1)CARE BB; Stable / CARE A4 (08-Jan-26)	1)CARE BB; Stable / CARE A4 (07-Mar-25) 2)CARE BB; Stable / CARE A4 (22-Nov-24)	1)CARE BBB-; Stable / CARE A3 (02-Jan-24) 2)CARE BBB-; Stable / CARE A3 (08-Jun-23)
2	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	13.50	CARE D / CARE D	CARE BB; Stable / CARE A4 (07-Apr-26)			-
3	Fund-based - LT-Term Loan	LT	68.28	CARE D	CARE BB; Stable (07-Apr-26)			-

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: Lender details

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

Annexure-5: List of entities consolidated:

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Continental Fisheries India Pvt Ltd	Full	Wholly owned subsidiary
2	Seacrest Seafoods Inc.	Full	Wholly owned subsidiary
3	Coastal Bio-Tech Private Limited	Full	Wholly owned subsidiary

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.

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About us:

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