GOVT. OF INDIA RECOGNISED THREE STAR EXPORT HOUSE

Coastal Corporation Limited

(CIN:L63040AP1981PLC003047)

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Unit II : Survey No. 87, P.Dharmavaram Village, S Rayavaram Mandalam, Yelamanchili, Visakhapatnam.

Unit III : Plot No: D7&8, Survey No. 208, 209 Ponnada Village, Kakinada SEZ East Godavari.

To The Manager Listing Compliance National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051 NSE Symbol: COASTCORP	To The Manager Listing Compliance Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Mumbai-400 001Maharashtra, India, BSE Scrip Code: 501831

10.01.2026

Dear Sir / Madam,

Subject: <u>Intimation regarding Credit Rating of the Company</u>

Pursuant to the requirement of Regulation 30 of the SEBI (LODR) Regulations 2015, we would like to inform that CARE Ratings Limited, has reviewed Credit ratings of the Company for bank facilities and re-affirmed the previous ratings. Details of the Credit ratings are as under:

Facilities	New Ratings	Remarks
Long Term Bank Facilities	**CARE BB; Stable (Double BB with Stable Outlook)**	**Re-affirmed**
Short Term Bank Facilities	**CARE A4 (A Four)**	**Re-affirmed**

Copy of the letter received from the rating agency is **<u>attached</u>** herewith.

Please note that this information will also be available on the website of the Company at <u>www.coastalcorp.co.in.</u>

You are requested to kindly take note of the same and disseminate the information on your website.

Thanking you

Yours faithfully
For Coastal Corporation Limited

Swaroopa Meruva Digitally signed by Swaroopa Meruva

CS Swaroopa Meruva
Company Secretary

Coastal Corporation Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	234.00 (Enhanced from 190.00)	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Coastal Corporation Limited (CCL) continues to derive strength from improved revenue from operations in FY25 and H1FY26 (FY refers to April 01 to March 31). Profitability margins decreased in FY25 due to imposition of countervailing duties by the USA and continued inflation in input raw material and freight costs, however they increased in H1FY26 with improved realisations and lower material costs. The revenue increase of ~45% y-o-y in FY25 was driven primarily by a surge of 48% in production volumes, enabled by the full-scale operations of its third processing unit.

Ratings further derive strength from experienced management with a long track record, moderate operational performance, geographical advantage due to presence in the aquaculture zone, improvement in total operating income (TOI), and stable industry outlook.

Ratings are tempered by increase in working capital borrowings, geographical concentration risk, highly competitive business, dependence on climatic conditions and presence in a regulated industry. The ethanol plant project saw a project 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.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in overall gearing to below 1.0x and TD/GCA below 3x, going forward.
- PBILDT margin improved to over 9% while consistent growth in TOI by over 30%
- Stabilisation of ethanol plant with generation of adequate cash flow to support its obligations

Negative factors

- Overall gearing deteriorates beyond 1.50x, going forward.
- Significant decline in TOI by over 30% y-o-y and decline in the PBILDT margins below 6%

Analytical approach: Consolidated.

Companies consolidated are listed under Annexure-6.

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: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will continue to benefit from the extensive experience of promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure and profitability

CCL's capital structure deteriorated as of March 31, 2025. Overall gearing increased to 1.57x in FY25 from 1.28x in FY24 due to higher total debt. Major debt comprises working capital, where utilisation is expected to remain high because of working capital

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

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 1.74x in FY25 compared to 2.12x in FY24. Other debt coverage indicator, total debt to gross cash accruals (TD/GCA) remained moderate at 23.02x in FY25 (18.54x in FY24).

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.

Key strengths

Qualified management and satisfactory track record in the aquaculture industry

T Valsaraj, Managing Director, heads the company and is actively involved in day-to-day operations from sourcing orders to final delivery. He is supported by a highly experienced and professional team. The company has developed long-standing relationships with the US and European importers in the last decade. CCL has also built a strong network of suppliers for aqua cultured products, mainly Vannamei shrimps, throughout the aquaculture zone in Godavari District of Andhra Pradesh.

Geographical advantage due to presence in the aquaculture zone in Andhra Pradesh

CCL has three processing units in the prime aquaculture zone near the coastal area of Andhra Pradesh, enabling the company to procure raw materials and process them immediately after harvest. Purchases are made from major coastal regions of Andhra Pradesh such as Srikakulam, Tuni, Kakinada, Amalapuram, Bhimavaram, Narasapuram, Machilipatnam, Repalle, Ongole and Nellore. Apart from these places, CCL also procures from Gujarat and Odisha in May-July and August-November seasons every year.

Government support to aqua industry

In FY25 (FY refers to April 01 to March 31), India exported 17,81,602 metric tonne seafood worth ₹60,523.89 crore (US$7.38 billion), an all-time high by value. The US continued to be major importer of Indian seafood in value terms, with imports worth US$2,549.15 million, accounting for 34.53% share in US$ value. Exports increased by 1.42% in ₹ and 7.46% in quantity; however, they declined by 3.15% in USD terms in FY25. The increase was mainly due to higher exports of frozen shrimps accounting for 41% share in quantity and 67.72% of total USD earnings. To support the fisheries sector, Honourable Prime Minister of India launched Pradhan Mantri Matsya Sampada Yojana (PMMSY) on September 10, 2020, to transform the fisheries sector and strengthen efforts to build an Aatmanirbhar Bharat. PMMSY is a flagship scheme for focused and sustainable development of the fisheries sector. The scheme aims to support farmers with assistance and envisages doubling their income. Being an export-oriented entity, CCL is eligible for financial incentives such as Duty Drawback and Remission of Duties or Taxes on Export Products (RoDTEP). Starting January 01, 2021, the Indian government announced a new WTO-compliant scheme called RoDTEP, which replaced MEIS. Although there is a slight reduction in percentage of benefit for exporters, the impact is shared across the value chain and profitability margins of exporters are expected to remain stable.

Moderate operational performance with few ongoing and some completed capex

The company's capacity utilisation levels declined and stood at 60% for the last three-year period ended March 2024. Considering increasing demand, the company set up an additional processing plant (Unit-III) with a capacity of 35 metric tonne per day at KSEZ, Kakinada, Andhra Pradesh funded through a debt-equity mix of 25:75. The plant commenced commercial operations in May 2022. The company planned to upgrade its capacity further with an additional Unit-IV at Odisha with 12 metric tonne per day, but the project is postponed because of the current geopolitical scenario.

Sales realisation slightly improved to ₹6.75 lakh/metric tonne in FY25 from ₹6.45 lakh/metric tonne in FY24 (₹7.15 lakh/metric tonne in FY23), though volume improved by ~48%. In H1FY26, CCL sold 3,999.32 metric tonne with a sales value of ₹299.05 crore. Sales realisation in H1FY26 stood at ₹7.48 lakh/metric tonne. Raw material price stood at ₹3.16 lakh/metric tonne in H1FY26.

Significant improvement in TOI although moderation profitability in FY25 and H1FY26

CCL's TOI improved 44.50% from ₹439.71 crore in FY24 to ₹635.40 crore in FY25. Revenue improvement was mainly due to increase in sales volume driven by a 48% rise in production volumes to 9,329 metric tonne. PBILDT margins, however, moderated to 5.93% in FY25 from 7.39% in FY24 due to continued inflation in input raw material and freight costs. Despite higher TOI, the company reported ₹4.48 crore PAT and PBILDT of ₹37.71 crore in FY25 compared to ₹4.52 crore and ₹32.49 crore in FY24. PAT margins declined to 0.71% in FY25 compared to 1.03% in FY24. Due to higher interest costs of ₹21.70 crore, profit levels were significantly lower than FY24 and FY23.

In H1FY26, CCL achieved TOI of ₹343.34 crore, ~19% increase compared to H1FY25 TOI of ₹287.59 crore. PBILDT margin improved from 5.93% in H1FY25 to 7.93% in H1FY26 due to higher sales realisations. Profit after taxation (PAT) margins improved to 2.74% in H1FY26 from 1.24% in H1FY25. At absolute levels, PAT stood at ₹9.42 crore in H1FY26 compared to ₹3.56 crore in H1FY25.

Liquidity: Stretched

The company's liquidity remains stretched but is supported by year-end balance of ₹59.57 crore compared to repayment of ₹8 crore in FY26. However, given the working capital intensive operations, maximum fund-based working capital utilisation for 12 months ended June 30, 2025, remained high at ~96%. The company availed temporary overdraft from existing lenders in the year.

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
Short Term Instruments
Consolidation

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.

Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	439.71	635.40	343.34
PBILDT*	32.49	37.71	27.22
Profit after tax (PAT)	4.52	4.48	9.42
Overall gearing (x)	1.28	1.57	1.54
Interest coverage (x)	2.12	1.74	2.02

A: Audited UA: Unaudited; 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

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook

Fund-based - LT/ ST-EPC/PSC		-	-	-	234.00	CARE BB; Stable / CARE A4

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-EPC/PSC	LT/ST	234.00	CARE BB; Stable / CARE A4	-	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)	1)CARE BBB; Stable / CARE A3+ (21-Oct-22)

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/ ST-EPC/PSC	Simple

Annexure-5: Lender details

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

Annexure-6: 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.

Contact us

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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