



**Press Release**  
**Digha Sea Food Exports Private Limited**  
**December 11, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.35	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	20.35	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the short-term rating to "ACUITE A4+ (read as ACUITE A four plus)" for the Rs.20.35 Cr. bank facilities of Digha Sea Food Exports Private Limited (DSPL).

**Rationale for rating**

DSPL has experienced a significant reduction in revenue, from Rs. 109.82 Cr. in FY2023 to Rs. 66.07 Cr. in FY2024, indicating a reduced scale of operations due to scarcity of sea catch due to cyclone in West Bengal and reduced orders from European market on account of geo-political issues. Additionally, profitability deteriorated, with the operating profit margin falling from 1.97% to 0.17% and the net profit margin declining from 1.46% to 0.73%, in FY2023 and FY2024 respectively. The company also faces exposure to regulatory changes and competition in the highly fragmented shrimp processing and export market, which limits its bargaining power and exposes it to price volatility and regulatory risks. Financial risk profile remains moderate with slightly increased gearing from 0.20 times to 0.34 times, moderate debt protection metrics, albeit a higher cost of borrowing. Working capital cycle is skewed with increased GCA days from 74 days in FY2023 to 135 days in FY2024, and higher debtor and inventory days. The Company has an adequate liquidity marked by net cash accruals of Rs. 1.26 Cr. and a comfortable current ratio of 1.56 times. Acuite further observes that the weaknesses are off-set by the experience of management in the sea-food business.

**About the Company**

Founded in 1999, Digha Sea Food Exports Private Limited (DSPL) is a Kolkata-based company that operates closely. It is overseen by its promoter directors, Mr. Pranab Kumar Kar and Mr. Prabhat Kumar, and specializes in processing and exporting a variety of shrimp products. Their product range encompasses Block Frozen Shrimps, IQF Raw Shrimps, Blanched IQF Shrimps, and more. Sixty percent of the company's revenue is generated from IQF shrimp sales, with the remaining portion stemming from block shrimp sales. These products are exclusively exported to Japan, China, Vietnam, Europe, and the Middle East. Various brand names, including 'Jinkin,' 'Digha Gold,' 'Digha Fresh etc. are used by the company to market its products.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of DSPL to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

Experienced management and established track record of operations DSPL was originally established in July 1999 as a partnership company, and it later transitioned into a private limited company in 2008. The company is actively involved in processing and exporting various seafood products, boasting a solid track record spanning over two decades. Its promoters, Mr. Pranab Kumar Kar and Mr. Prabhat Kumar, bring over two decades of invaluable industry experience to the table. Acuite believes that the extensive expertise of the promoters has helped the

company in fostering strong relationships with both suppliers and customers.

### **Moderate financial risk profile**

The financial risk profile of the company is marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net worth of the company stood at Rs. 17.41 Cr. as on FY2024 as compared to Rs.17.06 Cr. as on FY2023. For FY2024, the gearing of the company increased to 0.34 times from 0.20 times in FY2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) also increased to 0.97 times in FY2024 from 0.77 times in FY2023. The Interest Coverage Ratio (ICR) decreased to 4.24 times in FY2024 from 8.14 times in FY2023. Similarly, the Debt Service Coverage Ratio (DSCR) decreased to 3.98 times in FY2024 from 7.13 times in FY2023. The net cash accruals to total debt (NCA/TD) also declined to 0.21 times in FY2024 from 0.63 times in FY2023. Additionally, the cost of borrowing increased to 9.04% in FY2024 from 8.58% in FY2023. The Debt to EBITDA ratio increased to 3.30 times in FY2024 from 1.19 times in FY2023.

### **Weaknesses**

#### **Reduced scale of operations and profitability margins**

The revenue of the company stood moderate at Rs.66.07 Cr. in FY2024 as compared to Rs. 109.82 Cr. in FY2023. The decrease in revenues are due to scarcity of raw materials and reduced demand from European markets due to geopolitical issues. The profitability of the company witnessed deterioration in last three years as reflected by decline in operating profit margin to 0.17 percent in FY2024 as against 1.97 percent in FY2023. This decline is majorly on account of increase in the raw material cost. Furthermore, the company reported net profitability margin of 0.73 per cent in FY2024 as compared to 1.46 per cent in FY2023.

#### **Moderate Working Capital Management**

The working capital management of the company is moderate marked by GCA days of 135 days in FY2024 as compared to 74 days in FY2023. Moreover, the debtor period of the company also stood at 49 days in FY2024 as compared to 13 days in the FY2023 as DSPL has ventured into exports to other nations . Further, the inventory days of the company stood at 12 days in FY2024 as compared to 5 days in the FY2023 due to increase in storage capacity. Creditor days stood comfortable at 60 days in FY2024 which has increased from 29 in FY2023. Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

#### **Navigating Regulatory Shifts and Competitive Landscape**

The shrimp processing and export industry is characterized by fragmentation, with numerous small players, and a heavy reliance on shrimp farms for raw materials, which constrains bargaining power. Furthermore, the procurement price of shrimp is subject to fluctuations based on catch and availability during specific periods, resulting in the company's exposure to price volatility. Additionally, since the entirety of the company's revenue comes from exports, its credit risk profile is sensitive to fluctuations in forex rates. Moreover, the company faces risks related to changes in regulations and demand trends in client countries, including the possibility of antidumping duties being imposed by importing nation.

### **Rating Sensitivities**

1. Movement in financial risk profile
2. Shift in working capital management
3. Movement in scale of operations and profitability margins

### **Liquidity Position Adequate**

The company has adequate liquidity marked by comfortable net cash accruals of Rs. 1.26 Cr. in FY2024 as against nil long term debt obligations over the same period. The current ratio of the company stood comfortable at 1.56 times in FY2024. Further, the average bank limit of the company has been moderate at ~69 percent utilized during the last six months ended in October 2024. Moreover, the working capital management of the company is marked by GCA days of 135 days in FY2024 as compared to 74 days in FY2023. Acuité believes that going forward the liquidity position of the company will improve due to gradually improving cash accruals and absence of any debt funded capex plans.

### **Outlook: Not Applicable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	66.07	109.82
PAT	Rs. Cr.	0.48	1.60
PAT Margin	(%)	0.73	1.46
Total Debt/Tangible Net Worth	Times	0.34	0.20
PBDIT/Interest	Times	4.24	8.14

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Sep 2023	Bank Guarantee (BLR)	Short Term	0.35	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	Proposed Working Capital Term Loan	Long Term	4.50	ACUITE Not Applicable (Withdrawn)
15 Jul 2022	PC/PCFC	Short Term	9.05	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	2.95	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	0.35	ACUITE A4+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	5.00	ACUITE A4+ (Assigned)
	Working Capital Term Loan	Long Term	1.50	ACUITE BB+   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.00	ACUITE BB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.35	Simple	ACUITE A4+   Reaffirmed
Canara Bank	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4+   Reaffirmed
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4+   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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