



Press Release
ROYAL IMPORTS AND EXPORTS
August 05, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	55.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	64.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 64.00 Cr. bank facilities of Royal Imports and Exports (RIE). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned considers experienced management, company's track record of operations in the seafood industry and sustained profitability albeit subdued revenue performance. However, rating is constrained by moderate financial risk profile, moderately intensive working capital operations and susceptibility of profitability to volatility in raw material prices and forex risk.

About the Company

Andhra Pradesh based Royal Imports And Exports (RIE) was incorporated in 2014. The firm is engaged in the business of Seafood processing & Exports. Partners of the company are Mr. Ch Prasada Rao, Mr. Ch Jagannadha Rao, Mr. Ch Durgamaleswarimr. Ch Anusha, Mr. Muhisin Kollivil Asharafe, Mr. Khader Mohammed Asharaf.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken the standalone view of the business and financial risk profile of Royal Imports And Exports (RIE) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established presence in the sea food industry

RIE has an operational track record of over a decade in seafood processing. It is promoted by Mr. Ch Prasada Rao,

Mr. Ch Jagannadha Rao, Mr. Ch Durgamaleswarimr. Ch Anusha, Mr. Muhsin Kollivil Asharafe, Mr. Khader Mohammed Asharaf who possess over a decade of experience in the sea food industry. They are supported by its team of experienced professionals in managing day to day operations of RIE. The extensive experience of the promoter has enabled RIE to establish a healthy relationship with its customers and suppliers. Acuité believes that RIE will continue to benefit from its experienced management and established track record of operations.

Sustained profitability albeit subdued revenue performance

RIE reported a decline in its revenues which stood at Rs. 151.42 Cr. in FY2025 (prov.) as against Rs. 182.48 Cr. in FY2024 on account of decrease in the sale of its frozen fish in both domestic and export market during the year. The export sales contributed to the range of 60 - 90 per cent in FY2024 and FY2025, as firm receives repetitive orders from its customers. The major export countries are USA, China, Malaysia etc. The operating margin of the firm has improved and stood at 8.54 per cent in FY2025 (prov.) as against 6.94 per cent in FY2024. This improvement is majorly on account of passing on input cost to an extent along with various other power, administrative and selling & distribution expenses. The net profit margin of the company remained at similar range at 2.48 percent in FY2025 (Prov.) as against 2.49 per cent in FY2024 on account of marginally decrease in interest cost during the year. Acuite believes that the operating performance of the company would remain subdued over the medium term on account of subdued realisations and challenges in export market.

Moderate financial risk profile

Financial risk profile of RIE is moderate marked by moderate net worth, moderate gearing and debt protection metrics. The net worth of the firm stood improved at Rs. 44.50 Cr. as on 31 March, 2025 (prov.) as against Rs. 41.21 Cr. as on 31 March, 2024 on account of moderate accretion to reserves. The gearing (debt-equity) stood improved at 1.33 times as on 31 March, 2025 (prov.) as against 1.70 times as on 31 March, 2024 on account of decrease in long term bank borrowings during the same period. The total debt of Rs.59.30 Cr consists of Rs. 6.01 Cr. of long term debt, Rs. 45.93 Cr. of short-term debt, Rs.0.68 Cr. USL and Rs.6.67 Cr. of current maturities of long-term debt. The TOL/TNW improved and stood at 2.51 times as on 31 March 2025 (prov.) as against 2.72 times as on 31 March 2024. The Debt/EBITDA marginally declined and stood at 4.56 times as on 31 March 2025 (prov.) as against 5.38 times as on 31 March 2024. The debt protection metrics have improved in FY2025 (prov.) with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at similar range at 2.53 times and 1.01 times for FY2025 (prov.) as against 2.39 times and 0.67 times respectively for FY2024. The Net Cash Accruals to Total debt stood at of 0.11 times for FY2025 (prov.) and FY24. Acuite believes that the financial risk profile of the firm will remain moderate in the absence of any major debt funded capex plans.

Weaknesses

Moderately intensive Working capital operations

The operations of RIE are moderately working capital intensive marked by its Gross Current Assets (GCA) of 311 days for FY2025 (prov.) which stood moderately high as against 248 days for FY2024. This is due to inventory cycle of the firm which stood moderately high at 257 days in FY2025 (prov.) as against 194 days in FY2024 on account of increase in the amount of unsold inventory of finished goods lying with the firm in the form of frozen fish in order to readily meet the demand of customers in both domestic and exports market without any significant delays. The receivable days stood at 59 days in FY2025 (prov.) as against 54 days in FY2024 whereas the creditor days stood at 156 days in FY2025 (prov.) and 101 days in FY2024. The average bank limit utilization for 06 months period ended April 2025 stood high at ~91 percent for working capital facility. Acuite believes, the operations of the company would remain working capital intensive in the medium term on the back of high inventory days.

High competition and risks inherent in the sea food industry

RIE operates in a highly competitive industry with the presence of many organized as well as unorganized players in India. In addition to this, the company remains vulnerable to the inherent risks in the seafood industry. These include susceptibility to diseases, climate changes, and adverse changes in policies among others.

Susceptibility of profitability to volatility in input prices and Forex Risk

RIE exports ~90 per cent of its products and hence it is susceptible to the fluctuations in foreign exchange fluctuation. The company hedges its risk through forward contracts to an extent of ~50 per cent of its exposure. The raw material prices are also highly volatile depending on its availability, and the company cannot pass on the price rise in entirety to its customers due to heavy competition. This keeps the margins exposed to market conditions.

Rating Sensitivities

- Sustain improvement in revenues while improving profitability
- Deterioration in financial risk profile owing to higher-than-expected debt funded
- Working capital management

Liquidity Position **Adequate**

RIE has adequate liquidity position marked by adequate net cash accruals (NCA) against its debt repayment obligations. The company generated cash accruals of around Rs.6.55 Cr. in FY2025 (prov.) as against its repayment obligation of Rs.6.40 Cr. during the same period. Going forward the NCA are expected to improve and will be in the range of Rs. 8.00 Cr. to Rs.9.00 Cr. for period FY2026-FY2027 against its repayment obligation of Rs.1.00 -1.20 Cr. for the same period. The firm has cash and bank balances of Rs. 0.11 Cr. in FY2025 (prov.). The working capital operations of the firm are intensive marked by its gross current asset (GCA) days of 311 days for FY2025 (prov.) as against 248 days for FY2024 on account of its moderately high inventory cycle during the same period. This makes the company dependent on bank borrowings for working capital requirement. The average bank limit utilization for 06 months period ended April 2025 stood high at ~91 percent for working capital facility. Current ratio stands at 1.23 times as on 31 March 2025 (prov.). Acuite believes that the liquidity position of the company will improve over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	151.42	182.48
PAT	Rs. Cr.	3.75	4.54
PAT Margin	(%)	2.48	2.49
Total Debt/Tangible Net Worth	Times	1.33	1.70
PBDIT/Interest	Times	2.53	2.39

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

Care, vide its press release dated June 20th, 2025 had denoted the rating of Royal Imports And Exports as Care BB/ Stable/ A4 'Downgraded and Issuer not co-operating'.

Informeries, vide its press release dated October 01th, 2024 had denoted the rating of Royal Imports And Exports as IVR BB+/ Negative/ A4+ 'Downgraded and Issuer not co-operating'.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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.

Rating History: Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A4+ Assigned
Union Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	6.00	Simple	ACUITE BB+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A4+ Assigned
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A4+ Assigned
Union Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB+ Stable Assigned

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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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