



Press Release

Royal Agro Farm Private Limited

May 13, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	27.64 (Enhanced from Rs. 26.74 Cr)	IVR B+/ Stable [IVR B Plus with Stable Outlook]	IVR D ISSUER NOT COOPERATING (IVR D Issuer Not Cooperating)	Rating Upgraded and removed from Issuer Not Cooperating category; Outlook assigned	Simple
Proposed Long Term Facilities	0.00 (Previously rated for Rs. 28.26 Cr)	Withdrawn	IVR D ISSUER NOT COOPERATING (IVR D Issuer Not Cooperating)	Withdrawn	Simple
Total	27.64 (Rupees Twenty-Seven Crore and Sixty Four Lakh Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

Earlier, Infomerics had downgraded its ratings on the bank facilities of Royal Agro Farm Private Limited (erstwhile Royal Agro Farm; RAFPL) to IVR D and continued to classify the same under the 'ISSUER NOT COOPERATING' category vide its press release dated January 23, 2025, due to the non-submission of required information. However, the entity has since started cooperating and has submitted the necessary information. Consequently, Infomerics has removed the ratings from the 'ISSUER NOT COOPERATING' category.

The rating upgradation factors in continuous timely servicing of debt obligation for more than 90 days, long track record of operations of the company and experience of the promoter in the poultry industry, and locational advantage. These rating strengths, however, remain



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constrained by exposure to industry related dynamics, decline in total operating income from poultry business and moderate capital structure leading to weak debt protection metrics.

'Stable' outlook reflects Infomerics' view that the company will continue to benefit from stable consumer demand and experience of the promoter in the poultry industry.

Infomerics has withdrawn the ratings on the proposed long term bank facilities of RAFPL (Previously rated for Rs. 28.26 Cr). The withdrawal was made at the request of RAFPL. The rating is being withdrawn in line with Infomerics' Policy on Withdrawal of ratings

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations along with operating margins
- Improvement in capital structure while maintaining the debt protection metrics

Downward Factors

- Significant decline in the scale of operations along with operating margins.
- Significant moderation in capital structure leading to decline in the debt protection metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Continuous timely servicing of debt obligation for more than 90 days**

The company has demonstrated continuous repayment track record of more than 90 days in its debt serving obligations across all the bank facilities availed by the company.

- **Long track record of operations of the company and experience of the promoter in the poultry industry**

The company is promoted by Mr. M S Sunther. He has over three decades of experience in the poultry industry. The other director of the company also has more than two decades of experience in the poultry industry. Due to their long-term presence in the market, the promoters have good relations with suppliers and customers.



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- **Locational advantage**

RAFPL is in Tamil Nadu, which is amongst the leading states in broiler production. More than 90% of the poultry products exported from India originates from Tamil Nadu. , Tamil Nadu stands 2nd in egg production with 21560.66 million number of eggs and 6th in meat production with 7.04 LMT of meat. The input feed required for the birds is procured from Karnataka, Andhra Pradesh and local traders in Tirupur. The proximity to its market centers and suppliers helps RAFPL to reduce its transportation costs thus improving its profit margins.

Key Rating Weaknesses

- **Exposure to industry related dynamics**

RAFPL faces stiff competition in the poultry business from a large number of established and unorganized players in the market. However, improved demand for poultry products in the country benefits the company. Further, the poultry industry remains exposed to intermittent episodes of epidemics which also impact demand for its products. However, the RAFPL has taken appropriate measures for protecting its birds from bird flu by multi-level bio security measures. That said, this will remain a key monitorable going forward.

- **Decline in total operating income from poultry business**

Total operating income of RAFPL has reduced sequentially post COVID to Rs. 35.85 crore in FY24 (Rs. 41.97 crore) from Rs. ~61.96 crore in FY2022. Total operating income decreased mainly on account of decline in sales volume of broiler bird and chicks. Sales of broiler bird decreased to ~19% in FY24 from 83% in FY22. Further, promoters have diversified into trading edible oils and pulses during the last fiscal 2025 and registered an estimated annual turnover of Rs 564.49 crore (Rs 488.49 crore from trading of edible oil and Rs. 76.00 crore from the poultry farm business) which is substantial as compared with the current operations of poultry business. However, the company is dependent on the other traders for orders, which poses a risk in terms of revenue visibility going forward. Given this was the first year of operations in this line of activity, Infomerics will continue to monitor the performance including impact on operating cycle.



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- **Moderate capital structure leading to weak debt protection metrics**

RAFPL's overall capital structure remained moderate marked by moderate overall gearing of 0.84x as on March 31, 2024, against 0.57x as on March 31, 2023. Overall gearing deteriorated mainly on account of the decline in adjusted tangible net worth. Adjusted tangible net worth declined from Rs. 45.29 crore as on March 31, 2023, to Rs 27.91 crore as on March 31, 2024, mainly on account of the increase in exposure in group companies and increase in intangible assets i.e. goodwill as on March 31, 2024. Company's TOL/TNW also deteriorated to 1.19x as on March 31, 2024, against 1.04x as on March 31, 2023.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Policy of Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Stretched

The liquidity position of the company remained stretched marked by unencumbered cash and bank balances of Rs 0.03 crore as on March 31, 2024. Further, the current ratio stood at 0.92x as on March 31, 2024. The average utilization of cash credit stood at 96.29% for twelve months ended March 2025.

About the Company



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Incorporated in May 2017 as a partnership firm Royal Agro Farm and rechristened in December 2020 as Royal Agro Farm Pvt Ltd is a Chennai-based entity mainly involved in broiler farming business. The company catchment area consists of Tamil Nadu and adjoining Andhra Pradesh. The company majorly sell its products (Broiler, Chick, Cull Birds, Hatching Eggs, etc.) in Tamil Nadu. Currently, the firm has tie-ups with around 600- 700 farms and has about 18 branches of its own divided into 3 zones in Tamil Nadu, Chittoor (AP) and Anakel. The entity was constituted previously as a partnership firm in with the partners, Mr. M. S. Sunther and Mrs. Sivagami Sunther. Both the partners have also diversified business interests like Solar Projects, vehicle dealerships, logistics and food processing through their other entities.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	41.97	35.85
EBITDA	-3.79	-4.18
PAT	0.10	0.98
Total Debt	26.05	23.39
Tangible Net Worth	45.49	27.91
EBITDA Margin (%)	-9.03	-11.66
PAT Margin (%)	0.19	2.02
Overall Gearing Ratio (x)	0.57	0.84
Interest Coverage (x)	-1.43	-1.53

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2022-2023-2024	Date(s) & Rating(s) assigned in 2021-2022-2023
					January 23, 2025	December 15, 2023	October 10, 2022



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Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2022-2023-2024	Date(s) & Rating(s) assigned in 2021-2022-2023
1	Term Loans	Long Term	7.64	IVR B+/Stable	IVR D/ISSUER NOT COOPERATING*	IVR BB-/ Negative ISSUER NOT COOPERATING*	IVR BB; ISSUER NOT COOPERATING*
2	Proposed Term Loan	Long Term	0.00 (Previously rated for Rs. 8.76 Cr)	Withdrawn	IVR D/ISSUER NOT COOPERATING*	IVR BB-/ Negative ISSUER NOT COOPERATING	IVR BB; ISSUER NOT COOPERATING*
3	Cash Credit	Long Term	20.00	IVR B+/Stable	IVR D/ISSUER NOT COOPERATING	IVR BB-/ Negative ISSUER NOT COOPERATING	IVR BB; Negative ISSUER NOT COOPERATING*
4	Proposed Cash Credit	Long Term	0.00 (Previously rated for Rs. 19.50 Cr)	Withdrawn	IVR D/ISSUER NOT COOPERATING	IVR BB-/ Negative ISSUER NOT COOPERATING	IVR BB; Negative ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information



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Analytical Contacts:

Name: Mithun Vyas

Tel: (079) 40393043

Email: Mithun.vyas@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupo n Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	--	Revolving	20.00	IVR B+/ Stable
Term Loan				January 2028	5.54	IVR B+/ Stable
Term Loan (GECL)				March 2026	2.10	IVR B+/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Royal-Agro-Farm-13may25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.