

## Luke Export

August 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	34.00	CARE B+; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Luke Export (LE) are constrained by modest scale of operations, weak debt coverage indicators, elevated inventory position, exposure to raw material price volatility and constitution as sole proprietorship with inherent risk of capital withdrawal. However, the rating derives strength from the extensive experience of proprietor and established relationships with customers.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Scaling up of total operating income (TOI) above ₹100 crore with sustainable profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 5% on a sustained basis.
- Reduction in inventory holding leading to improvement in operating cycle below 180 days.

#### Negative factors

- Further decline in revenue or decline in PBILDT margins below 3% on a sustained basis.
- Any elongation in operating cycle leading to further deterioration of liquidity profile

### Analytical approach: Standalone

#### Outlook: Stable

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

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest scale of operations

LE commenced business in 1995. Despite its long existence, the scale of operations has been relatively modest in range of ₹50-80 crore. In October 2024, The Export Inspection Council (EIC) under Ministry of Commerce, GOI imposed export ban on the firm, leading to decline in TOI to ₹37.56 crore in FY25 (PY: ₹51.81 crore). In April 2025, ban was partially uplifted, allowing for exports to non-EU countries, which has helped firm to achieve TOI of ₹14.90 crore in Q1FY26. Adherence to EIC norms, enabling complete lifting of export ban shall remain a key rating monitorable. The modest scale of operations also limits LE's operating leverage and ability to absorb external shocks.

##### Weak debt coverage indicators

The debt coverage indicators remained weak, with interest coverage declining to 1.22x in FY25 from 1.63x in FY24, and total debt to gross cash accruals (TD/GCA) rising sharply to 33.77x in FY25 from 27.54x in the previous year. The deterioration in debt coverage indicators is attributed to increase in working capital borrowings on the back of stretch in operating cycle and moderation in accruals.

##### Presence in highly competitive industry and exposure to volatile raw material prices

The seafood industry is exposed to intense competition as there are several small and large players. The players also face intense competition from south-east Asian exporters and Ecuador, impacting realisations. Many export destinations implement regulations (including anti-dumping duty, food safety regulations, and quality requirements) from time-to-time that affect business prospects and needs to comply with. The firm faces significant raw material price volatility, driven by fluctuations in seafood availability, which in turn are affected by climatic and aquatic conditions. The firm is also exposed to forex risk due to its export-oriented operations.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Proprietorship nature of constitution with inherent risk of capital withdrawal

LE operates as a sole proprietorship, with inherent risk associated with capital withdrawal at the discretion of the proprietor. This restricts the firm's ability to raise external funding and poses challenges to business continuity in the event of unexpected personal or financial developments affecting the proprietor. However, the proprietor has infused capital of ₹2.87 crore over past 2 years ended FY25, adding on to the net worth of the firm.

### Key strengths

#### Extensive experience of the proprietor

LE is promoted by Xavier Luke Fernandez, who has two decades of experience in the seafood industry. The proprietor's strong understanding of market dynamics and healthy relations with customers and suppliers support the operations of the firm. The firm has a processing facility in Kanyakumari, Tamil Nadu with installed capacity of 3000 MT per annum and cold storage facility of 1248 MT in Tirunelveli, Tamil Nadu.

#### Established relationship with customers

LE has established long standing relationships with its customers in key export markets which provide a stable revenue base and reduce customer acquisition costs. Maldives is the top export destination of the firm contributing to 61% of TOI in FY25 (PY: 65%), followed by Taiwan, Thailand, UAE and European Union.

#### Liquidity: Stretched

Liquidity of the firm is stretched marked by tightly matched accruals against debt obligations and stretched operating cycle. The operating cycle of the firm stood elongated at 464 days in FY25, due to excess inventory holdings as on March 31, 2025. Due to working capital intensive operations, average utilisation of working capital limits stood high at 94.68% for 12 months ended June 2025. The firm had low cash and bank balance of ₹1.09 crore as on March 31, 2025.

#### 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](#)

[Short Term Instruments](#)

### About the entity and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Seafood

Luke Export (LE) promoted by Xavier Luke Fernandez, is engaged in processing and exporting of seafood products primarily shrimp, baigai etc. LE has its registered office in Kollam, Kerala. The firm has a processing facility in Kanyakumari, Tamil Nadu with installed capacity of 3000 MT per annum and cold storage facility of 1248 MT in Tirunelveli, Tamil Nadu.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	84.52	51.81	37.56
PBILDT	2.22	2.08	2.27
PAT	0.24	0.30	0.24
Overall gearing (times)	0.64	0.57	0.63
Interest coverage (times)	1.52	1.63	1.22

A: Audited UA: Unaudited; Note: these are latest available financial results

#### 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing		-	-	-	9.00	CARE B+; Stable / CARE A4
Fund-based - LT/ ST-EPC/PSC		-	-	-	25.00	CARE B+; 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-Bill Discounting/ Bills Purchasing	LT/ST	9.00	CARE B+; Stable / CARE A4				
2	Fund-based - LT/ ST-EPC/PSC	LT/ST	25.00	CARE B+; Stable / CARE A4				

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-Bill Discounting/ Bills Purchasing	Simple
2	Fund-based - LT/ ST-EPC/PSC	Simple

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE 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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