Credit Update – Shrimp Sector (Revised)

September 05, 2025

Effective August 27, 2025, the United States imposed a 50% reciprocal tariff on shrimp imports from India (comprising a 25% base levy and a 25% penalty). This is in addition to the existing antidumping duty of 2.49% and countervailing duty of 5.77%, raising the effective duty burden on Indian shrimp exports to 58.26%.

The U.S.A remains India's most significant export destination for Shrimp, accounting for 48% of export value and 40% of export volumes in calendar year 2024. Indian exporters hold a dominant ~40% market share in the U.S. shrimp imports, ahead of Ecuador (24%), Indonesia (17%), and Vietnam (11%). Prior to the tariff escalation, India already faced a higher duty incidence relative to Ecuador and Indonesia but retained a cost advantage over Vietnam. With the revised tariff structure, India now bears the highest duty burden among major exporting nations.

The imposition of trade duties presents a significant challenge for the Indian shrimp industry, prompting exporters to diversify into alternative markets. However, India's competitive advantage lies in its operational efficiency, particularly in processing and value addition. Unlike competing nations that primarily export raw shrimp to the U.S., India has established a strong foothold in the processed and value-added segments.

In calendar year 2024, processed shrimp constituted over 50% of total U.S. shrimp imports, with value-added products accounting for 23%. India supplied approximately 60% of the U.S. demand for processed shrimp and 28% of value-added shrimp—substantially higher than its peers, whose processing capacities remain limited. This strategic positioning is expected to cushion Indian exporters from near-term demand risks, even as elevated tariffs impact overall price competitiveness. CARE Edge Ratings notes that the industry has seen some front-loading of exports. Total shrimp exports to the U.S. grew by 22% year-on-year during the January–May 2025 period, supported by both higher volumes and improved realizations.

However, with tariffs rising to 58.26% effective August 27, 2025, Indian seafood exporters are expected to face a moderation in volumes supplied to the US, which is likely to result in decline in revenues and profitability.

CARE Edge Ratings notes that in the first half of the current fiscal, US customers have largely absorbed the increase in tariff rates, a trend expected to continue for shipments for existing orders through mid-October, driven by holiday season demand. However, a slowdown in fresh orders has already begun. Looking ahead, if the current tariff levels persist, the adverse impact on exports is expected to be more pronounced in the next financial year. Export volumes could eventually decline by up to 15%, although this would depend on the exporters' ability to diversify into alternative markets.

Indian seafood exporters have begun exploring alternative markets such as the European Union, United Kingdom, China, Japan, Canada to name a few to offset the impact of steep U.S. tariffs. However, several challenges are expected in these markets, including replacing large US customers with a number of players in these markets, building brand presence and distribution networks, negotiating competitive yet secure payment terms.

Additionally, China primarily imports raw shrimp, which typically offers lower margins compared to the value-added products currently supplied to the U.S. Further, the current import volumes from the European Union, Japan, Canada and the United Kingdom remain relatively low, offering limited scope for Indian exporters to replace the market share lost in the U.S. Consequently, even as exporters diversify geographically, the smaller demand base in these markets may restrict the potential to offset any sharp decline in U.S. bound shipments, keeping export revenues and profitability under pressure. CARE Edge Ratings expects the operating margins to take a hit of up to 150 basis points.

CARE Edge Ratings maintains a portfolio of entities in the shrimp sector, collectively accounting for a combined income of approximately ₹17,500 crore. The total debt rated across these entities stands at ₹5,500 crore.

The larger players in the industry operate with moderate debt levels, as indicated by an overall gearing ratio of around 1x and satisfactory debt coverage metrics. The interest coverage ratio (ICR) has remained comfortable at approximately 3.5x, suggesting adequate cushion to meet interest obligations even under stressed scenario.

CARE Edge Ratings will continue to monitor and assess the impact of tariffs on individual credit profiles. While the immediate cash flow impact has been partially cushioned supported by front-loaded sales during July and August 2025, reduced inventory levels, and liquidity indicators such as current and quick ratios remaining above unity, most entities also benefit from the absence of long-term debt and flexibility in working capital limits due to moderate utilization levels. Further, in response to the evolving situation, industry players are actively renegotiating prices with customers, exploring cost optimization strategies, reassessing credit terms, negotiating raw material prices with sourcing partners, and expanding their geographic reach. Given the diverse credit profiles and varying approaches to risk management across entities, CARE Edge Ratings will continue to evaluate the effectiveness of these mitigation strategies and their implications for overall creditworthiness.

Please refer to the following links for the previous press release that captures key rating drivers and rating sensitivities of following companies.

Sr. No.	Entity Name	Link to press release
1	Devi Fisheries Limited	Click here
2	Devi Fisheries INC	Click here
3	Devi Aqua Feeds Private Limited	Click here
4	Sai Marine Exports Private Limited	Click here
5	Sandhya Aqua Exports Private Limited	Click here
6	Ananda Enterprises (India) Private Limited	Click here
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Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Yogesh K Shah Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3640 E-mail: yogesh.shah@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Priti Agarwal Senior Director **CARE Ratings Limited** Phone: +91-33-4018 1621 E-mail: priti.agarwal@careedge.in
Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: +91-44-2850 1001 E-mail: pradeep.kumar@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: +91-80-4662 6666 E-mail: karthik.raj@careedge.in
Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Sandeep P Director **CARE Ratings Limited** Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in

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