

Royale Edible Company

December 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.91 (Reduced from 19.60)	CARE BB-; Stable	Reaffirmed
Short Term Bank Facilities	4.96	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Royale Edible Company (REC) continue to be constrained by moderate scale of operations, leveraged capital structure and debt coverage indicators, fluctuation in raw material costs resulting in volatility in profit margins, partnership nature of business constitution with inherent risk of withdrawal of capital and highly competitive and fragmented nature of the industry. However, the firm continues to derive strength from experienced promoters and established relationship with customers, especially with Government of Kerala (GoK).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent scaling up of operations and stabilize profitability levels at operating margins above 3%.
- Improvement in gearing below 2.50x.

Negative factors

- Any debt funded capital expenditure further deteriorating the capital structure leading to higher gearing levels above 4x.
- Decline in operating margins on a consistent basis below 2%.

Analytical approach: Standalone

Outlook: Stable

The stable outlook by CARE Ratings Limited (CareEdge Ratings) reflects that the entity is expected to sustain stable operating performance over the medium term aided by its relationship with GoK coupled with favourable demand scenario.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

The firm had reported decline in scale of operations in FY25 (from April 01 to March 31) to ₹83.70 crore from ₹99.05 crore in FY24 as the firm scaled back in Kerala State Civil Supplies Corporation Limited (KSCSC) orders owing to delayed payments from them. However, the collections improved in the current year, and it achieved a turnover of ₹115 crore in the 8m FY26 (from April 01 to November 30). The firm also exports coconut oil in the name of 'Royal Rich' to UAE retailers generating ₹16.54 crore in FY25 and ₹12 crore in 8m FY26.

Moderately leveraged capital structure and debt coverage indicators

The firm's capital structure, marked by overall gearing, remained moderately leveraged at 2.35x as on March 31, 2025 (PY: 2.24x), primarily due to higher utilization of working capital limits. Unsecured loans of ₹5.10 crore as on March 31, 2025, are interest-free and carry no fixed repayment terms. Debt coverage indicators, represented by the interest coverage ratio, stood moderate at 1.50x in FY25 (PY: 1.43x)

Fluctuation in raw material costs resulting in volatility in profit margins

REC's key raw material is copra (dried coconut) which accounts for major part of the total raw material cost. Coconut is an agro based commodity and is hence, exposed to the risk of price volatility and depends upon factors like demand and supply scenario, and prices of substitute crops, etc., which resultantly impacts the company's profit margins.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Partnership nature of business constitution with inherent risk of withdrawal of capital

REC is a partnership nature of business wherein the inherent risk of withdrawal of capital by the promoter at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. The promoters had withdrawn capital of ₹1.98 crore in FY25.

Presence in fragmented and competitive industry

The edible oil industry in India is characterized by intense competition and fragmentation, with the presence of many units attributable to low entry barriers and a liberal policy regime. The firm faces intense competition from large players who have a nation-wide distribution chain and small regional players with limited product lines and marketing network confined to the local market. This limits the pricing power and resultant profitability of the industry players in a market which is highly price sensitive.

Key strengths

Experienced promoters in the edible oil industry

REC was established as a partnership firm in the year 2012 by E. N. Gopakumar, and his wife Anju Gopakumar. The promoters have more than two decades of experience in the field of edible oils. Before establishing REC, the promoters were in the business of trading edible oils for the local wholesalers and subsequently moved into manufacturing of branded coconut oil. The day-to-day operations are overseen by E. N. Baby, brother of Gopakumar.

Established relationship with customers, especially with GoK

REC is involved in manufacturing and trading of edible oils which is majorly confined to the state of Kerala. The firm supplies its products majorly to KSCSC (accounts for more than 65% of sales in FY25). Apart from this, the firm caters to other domestic customers and exports edible oils to the UAE and Europe.

Liquidity: Stretched

Liquidity is stretched marked with tightly matched accruals to repay its term debt obligations and with low cash balance of ₹0.79 crore as of March 31, 2025. The operating cycle of the firm elongated to 148 days in FY25 as against 109 days in FY24 due to increase in inventory holding period and receivable days. However, the same had improved as on November 30, 2025, with receivable position of ₹23.11 crore and pending receivables more than 6 months being only ₹0.02 crore. REC procures copra (dried coconut) from domestic suppliers and avails credit period up to 20-30 days from its suppliers and the firm stocks it for about 15-20 days. The state government of Kerala (KSCSC) is the major customer, and the extend credit period up to 90 days while for the other customers the firm allow credit period up to 30 days. The average working capital utilization in last 12 months ending November 2025 stood at 90-95%.

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 company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Edible Oil

REC, a partnership firm established in 2012 by E. N. Gopakumar along with his wife Anju Gopakumar and brother E. N. Baby, is engaged in the manufacturing of coconut oil, primarily supplying to KSCSC. The firm also trades in edible oils such as palmolein, sunflower, and rice bran. Additionally, it manufactures and exports coconut oil under its own brand, 'Royal Rich'.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	November 30, 2025 (UA)
Total operating income	99.05	83.70	115.00
PBILDT	3.83	3.93	--
PAT	0.05	0.36	--
Overall gearing (times)	2.24	2.35	--
Interest coverage (times)	1.43	1.50	--

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:

CRISIL Ratings Limited (CRISIL) has conducted the review of REC and classified the ratings into "Issuer Not Cooperating" category, based on the best available information vide PR dated October 14, 2025. The reasons provided by CRISIL are non-furnishing of information for monitoring of rating and non-payment of surveillance fees.

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-Cash Credit		-	-	-	17.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	October 2026	0.04	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	November 2026	1.87	CARE BB-; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	4.46	CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	0.50	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-Cash Credit	LT	17.00	CARE BB-; Stable	-	1)CARE BB-; Stable (30-Sep-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (18-Mar-24)	1)CARE BB; Stable (06-Mar-23) 2)CARE BB; Stable (05-Apr-22)
2	Fund-based - LT-Term Loan	LT	0.04	CARE BB-; Stable	-	1)CARE BB-; Stable (30-Sep-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (18-Mar-24)	1)CARE BB; Stable (06-Mar-23) 2)CARE BB; Stable (05-Apr-22)
3	Non-fund-based - ST-Bank Guarantee	ST	0.50	CARE A4	-	1)CARE A4 (30-Sep-24)	1)CARE A4; ISSUER NOT COOPERATING* (18-Mar-24)	1)CARE A4 (06-Mar-23) 2)CARE A4 (05-Apr-22)
4	Fund-based - LT-Term Loan	LT	1.87	CARE BB-; Stable	-	1)CARE BB-; Stable (30-Sep-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (18-Mar-24)	1)CARE BB; Stable (06-Mar-23) 2)CARE BB; Stable (05-Apr-22)
5	Fund-based - ST-Working Capital Demand loan	ST	4.46	CARE A4	-	1)CARE A4 (30-Sep-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Demand loan	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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