



RATING RATIONALE

15 Jan 2021

ADITHYA EXPORTS

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of ₹. 17.10 Crores of Adithya Exports.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund Based	17.10	Long Term	BWR B+ / Stable (Assigned)
Total	17.10	INR Seventeen Crores and Ten Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

**Details of Bank facilities are provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has **assigned** the long term rating of '**BWR B+/Stable**', for the bank loan facilities aggregating Rs. 17.10 Crores of Adithya Exports.

BWR has essentially relied upon the financial projections of FY22, FY23 & FY24, publicly available information, and information/clarifications provided by the firm's management, to arrive at the present rating.

The rating has factored in, inter alia, family run business along with the prior experience of the partners in cashew nut processing and trading line of business, nearly 75% of completion of construction work of cashew nut processing unit and expected commencement of business operations from March, 2021. However, the rating is constrained by the nascent stage of business as the commercial operations of the firm are yet to start. Going forward, the ability of the firm to achieve the projected revenue and profit margins, while maintaining a healthy overall financial risk profile in an intensely competitive industry, will remain the key rating sensitivities.

The outlook has been considered to be '**Stable**' as BWR believes that the business risk profile of Adithya Exports will be maintained over the medium term, indicating that there is a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the firm is able to achieve its projected revenues and estimated profit margins. The rating outlook may be revised to 'Negative' if there is any deterioration in financial profile of the firm.

KEY RATING DRIVERS

Credit Strengths :

- **Family Run Business along with prior Experience of Management :** The firm has two partners namely Mr. Adithya R. Pai and Bhagyashree R. Pai - both are siblings and have more than three years of prior experience in a similar line of business experience in their fathers firm Mahalasa exports.
- **Very Near Commencement of Business Operation :** Nearly 75% construction of the manufacturing has been completed till now and the firm is expected to commence its business operations from March, 2021.

Credit Weaknesses :

- **Nascent Stage of Business :** Nascent stage of business as the commercial operations of the firm yet to start.
- **Limitation of Constitution:** Withdrawal of capital by the Partners for any personal contingency would adversely affect the capital structure of the firm.
- **Low Entry Barriers :** Entry barriers in the Cashew nut processing industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has relied upon the financial projections of the firm upto FY24, information/clarifications provided by the firm's management and has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Going forward, the ability of the firm to complete the remaining construction work of processing unit and commence its business operations, achieve its projected revenues and achieve its estimated profits would be the key rating sensitivities.

Positive: The rating may be positively revised if the firm will surpass its projected revenues and profit margins while maintaining a healthy overall financial profile.

Negative: The rating may be adversely affected if there is deterioration in capital structure, profit margins and any delays in payment of its debt obligations.

FIRM'S PROFILE

Adithya Exports is a partnership firm established on 18 January 2010 with registered office at Haluvalli, Brahmavara Taluk in Udupi District of Karnataka. Mr. Adithya R. Pai and and Bhagyashree R. Pai are the partners of the firm. The firm will engage in processing and selling of cashew nut kernels. The firm is constructing a cashew nut kernel processing unit with a production capacity of 37500 Quintal per year at Haluvali in Udupi, Karnataka. Nearly 75% construction of the manufacturing has been completed till now and the firm is expecting to commence its business operations from March, 2021.

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facility	Current Rating (Jan 2021)			Rating History		
	Type	Amount (₹ Cr)	Rating	2020	2019	2018
Fund Based	Long Term	17.10	BWR B+/Stable (Assigned)	--	--	--
Total		17.10	INR Seventeen Crores and Ten Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain [hyperlinks](#) from website

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Annexure I
Adithya Exports
Details of Bank Loan Facilities rated by BWR

Type of Facility	Long Term [Rs. Crs]	Short Term [Rs. Crs]	Total [Rs. Crs]
Cash Credit	10.50	-	10.50
Term Loan	6.60	-	6.60
TOTAL			17.10

Total Rupees Seventeen Crores and Ten Lakhs Only

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