



## Draft Rating Rationale

Anusri Cashewes

2Apr2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 29.87 Crores of Anusri Cashewes.

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*		
	Previous	Present		Previous (Jul, 2017)	Previous (Oct, 2018)	Present
Fund based Open Cash Credit Term Loan	26.00 3.87	26.00 3.87^	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable	Rating Not Reviewed	BWR B (Pronounced as BWR Single B) Outlook: Stable [Reaffirmed]
<b>Total</b>	<b>29.87</b>	<b>29.87</b>	<b>INR Twenty Nine Crores and Eighty Seven Lakhs Only</b>			

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Last known information as banker feedback have not been made available

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY18, provisional till Sep 2018 certified by CA, projected financials upto FY20, publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the partners, revenue achieved in the first year of operations, moderate net-worth and comfortable interest coverage ratio. However, the ratings are constrained by information risk, limited operational track record, high gearing ratio, vulnerability to volatility in cashew prices & foreign exchange fluctuations, working capital intensive nature of operations, inherent risks associated with the partnership nature of business and highly competitive nature of the industry.



## Description of Key Rating Drivers

### Credit Strengths:

- **Partners' experience:** Two partners are having more than 15 years of experience in the cashew nut processing business and has seen complete business cycles
- **Scale of operations:** Revenue achieved for first complete financial year (FY18) is Rs. 107.31 Crs
- **Moderate Net-worth:** Net-worth is at Rs. 13.57 Crs in FY18 is due to retention of profit and infusion of capital
- Interest coverage ratio is at 2.55 times in FY18

### Credit Risks:

- **Information risk:** The firm has not provided the No default statements and bank statements for the last 6 months thus restricting BWR 's analysis in compliance of terms and conditions by the firm and further banker feedback have not been made available restricting BWR's analysis
- **Limited operational track record:** Limited track record as the firm started its commercial operations from May 2017,
- Gearing ratio is at 2.63 times in FY18
- **Volatility in cashew prices & foreign exchange fluctuations:** The procurement of raw cashew nuts is seasonal. The prices of cashew kernels and Raw Cashew Nut (RCN) is vary on a daily basis. Also availability of RCNs is subject to agro-climatic risks. Since the firm is also involved in export of cashew nuts , it remains exposed to volatilities in foreign exchange rates as well
- **Working capital intensive nature of operations:** The operations of the firm are working capital intensive due to high inventory as the raw material is seasonal
- **Inherent risks associated with the partnership nature of business:** Exposed to inherent risk of fluctuations in capital levels due to the withdrawal of partners' capital

Going forward, the ability of the firm to further to increase its scale of operations by improving its profitability margins, efficiently manage its working capital and servicing of debt & interest obligations promptly will be the key rating sensitivities.

## Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

## About the Firm

M/s. Anusri Cashewes was established as a Partnership Firm in September 2016, with its registered office at Bhupalapatnam, Rajanagaram Mandal, Andhra Pradesh. The firm has commenced its business operations from May 2017. The Firm is engaged in the processing of raw cashew nuts for Cashews Kernels and trading and exporting of cashew and its by products such as cashew husk, shell ,etc. The Firm has set up a manufacturing unit in Bhupalapatnam, Andhra Pradesh with an installed capacity of 500 bags per day (80 Kgs per Bag) and utilisation capacity is around 150 bags per day. Mr. Karri Srinivasa Reddy, Mr. Tetali Sudhakara Reddy , Mr. Karri Anuradha, Mr. Karri Venkata Bulli Reddy and Mr. Nallamilli



Manikanta Reddy are the partners of the firm. The associate concerns of the firm are Sri Lalita Devi Cashew Products and Surya Sree Cashew Products

### Firm Financial Performance

The firm has reported a total operating income of Rs.107.31 Crores in FY18. Operating and net profit margins reported at 8.89% and 2.72% in FY18. Tangible net-worth stood at Rs.13.57 Crs in FY18.

### Rating History for the last three years

Facility	Current Rating (2019)			Rating History		
	Type	Amount (₹ Crs)	Rating	29.10.2018	28.7.2017	2016
<b>Fund Based</b>	Long Term	29.87	<b>BWR B (Pronounced as BWR Single B) Outlook: Stable [Reaffirmed]</b>	<b>Rating Not Reviewed</b>	<b>BWR B (Pronounced as BWR Single B) Outlook: Stable</b>	<b>Not Rated</b>
<b>Total</b>		<b>29.87</b>	<b>₹ Twenty Nine Crores and Eighty Seven Lakhs Only</b>			

Status of non-cooperation with previous CRA- Nil; Any other information: Nil

### Key Financial Indicators

Key Parameters	Units	2018
<b>Result Type</b>		<b>Audited</b>
Operating Revenue	Rs In Crores	107.31
EBITDA	Rs In Crores	9.54
PAT	Rs In Crores	2.92
Tangible Net worth	Rs In Crores	13.57
Total Debt/Tangible Net worth	In Times	2.63



Current Ratio	In Times	9.30
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### Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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