



**Press Release**  
**GAYATHRI EXPORTS**  
**April 10, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.00	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	33.00	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	57.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B Plus**) on the Rs. 24.00 Cr. and reaffirmed its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.33.00 Cr. bank facilities of Gayathri Exports (GE). The outlook is ‘**Stable**’.

**Rationale for reaffirmation:**

The rating reaffirmation takes into account the improvement in operating income in 9MFY2025, following a moderation in FY2024. Despite the moderation in FY2024, the firm’s operating profitability improved due to reduced raw material costs during FY2024, and this improvement is expected to be maintained in FY2025(E). Additionally, the rating considers the firm's moderate financial risk profile, characterized by moderate net worth, low gearing, and moderate debt protection metrics. It also reflects the extensive experience of the partners, who have more than five decades of experience in the cashew processing industry.

However, the rating is constrained by moderate working capital management, the risks associated with the withdrawal of capital by partners, and intense competition in the cashew processing industry.

**About the Company**

Gayathri Exports (GE), established in 1995, is an Udupi (Karnataka)-based partnership firm primarily engaged in processing raw cashew nuts into cashew kernels, as well as trading raw cashew nuts and cashew kernels. GE is promoted by Mr. B. Prabhakar Kamath, along with his sons, Mr. Srinivas Kamath and Mr. Prashanth Kamath.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has taken the standalone view of the business and financial risk profile of GE to arrive at the rating.

**Key Rating Drivers**

## Strengths

- **Established track record of operations across country, experienced management in cashew industry**

Gayathri Exports (GE) is a Karnataka-based partnership firm established in 1995. The firm is engaged in processing raw cashew nuts into cashew kernels, as well as trading raw cashew nuts, cashew kernels, and other cashew allied products. Mr. Bola Prabhakar Kamath has extensive experience in the cashew processing

industry, spanning more than five decades. The firm is managed by Mr. Bola Prabhakar Kamath and his sons, Mr. Bola Srinivas Kamath and Mr. Bola Prashanth Kamath. The extensive experience of all the partners and the long-standing presence of the firm have enabled it to establish strong ties with key customers, including the Indian Army, resulting in repeat orders. The firm primarily imports raw cashew nuts and has established ties with suppliers from Ivory Coast, Benin, Tanzania, and other countries. It also exports approximately 29.24% (in FY2024) of its products to countries like the USA and UAE. Acuité believes that the partners' extensive industry experience, along with established relationships with customers and suppliers, will aid GE's business risk profile in the medium term.

- **Improvement in operating revenue in 9MFY2025 post moderation in FY2024**

The operating income declined in FY2024 mainly on account of an unfavourable market for cashew nuts. The operating income declined to Rs. 135.98 Cr. in FY2024 from Rs. 154.06 Cr. in FY2023. However, in 9MFY2025, it improved and stood at Rs. 115.11 Cr. Further, the operating profit margin improved to ~8.29 percent in FY2024 from 4.54 percent in FY2023 and 6.62 percent in FY2022. Acuité believes that going ahead, the operating income and profitability of the company will improve in the near term.

- **Improved financial risk profile**

The financial risk profile of the firm improved and stood moderate, low gearing, moderate debt protection metrics, and low networth. The net worth of the firm stood at Rs. 25.24 Cr. and Rs. 22.52 Cr. as on March 31, 2024, and 2023 respectively. The gearing of the firm improved and stood at 0.88 times as on March 31, 2024, against 1.85 times as on March 31, 2023, primarily on account of lower utilization of fund-based working capital limits. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 2.79 times and 1.58 times as on March 31, 2024, respectively as against 2.38 times and 1.05 times as on March 31, 2023, respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 0.99 times and 1.95 times as on March 31, 2024, and 2023 respectively. The debt to EBITDA of the firm stood at 1.95 times as on March 31, 2024, as against 5.82 times as on March 31, 2023. Acuité believes that the financial risk position of GE will further improve over the medium term.

## **Weaknesses**

- **Moderate working capital operations**

GE's working capital operations are moderate, as reflected by its gross current assets (GCA) of 79 days in FY2024, compared to 111 days in FY2023. The improvement in GCA days is due to improved debtor days, which resulted from changes in credit terms. The firm follows a cash-and-carry basis for domestic customers, while providing a credit period of 20 to 30 days for export customers. Debtor days stood at 18 days in FY2024, compared to 42 days in FY2023. Inventory days stood at 51 days in FY2024, compared to 62 days in FY2023. The payable period remained at 1 day in both FY2024 and FY2023. Acuité believes that the working capital operations of the firm will remain at similar levels over the medium term, owing to the nature of the industry.

- **Risk of capital withdrawal associated with the partnership nature of firm**

GE is a partnership firm and is exposed to the risk of partners withdrawing capital from the business. There has been minor withdrawal of capital over the last few years. Acuité believes that any substantial withdrawal of capital by the partners is likely to have an adverse impact on the capital structure.

- **Highly fragmented and intensely competitive cashew industry**

The domestic cashew industry is highly fragmented, with many unorganized players due to low entry barriers. Intense price competition, along with low product differentiation, limits the firm's pricing flexibility. Furthermore, the firm's margins have fluctuated over the years due to variations in raw cashew nut (RCN) and cashew kernel prices. Cashew prices are highly volatile, and kernel prices are determined by buyers and brokers based on the prevailing demand-supply scenario.

## **Rating Sensitivities**

- Growth in revenue with sustainability of the profitability margins.
- Any significant elongation of the working capital cycle leading to deterioration in the financial risk profile and liquidity position.

**Liquidity Position: Adequate**

GE 's liquidity is adequate, marked by adequate net cash accruals to its maturing debt obligation. The firm generated cash accruals of Rs.5.34 Cr. in FY2024, while its maturing debt obligations were Rs. 1.89 Cr. during the same period. Going forward, the firm is expected to generate sufficient net cash accruals against its maturing debt obligations over the medium term. The current ratio stood at 1.84 times as on March 31, 2024. Furthermore, the reliance on bank limits was moderate, with average utilization of approximately 52 percent for the fund-based limits over the past eight months ending in February 2025. The firm maintained an unencumbered cash and bank balances of Rs.0.07 Cr. as on March 31, 2024. Acuité believes that the liquidity of the firm is likely to remain adequate on account of expected moderate cash accruals generation and buffer available from the undrawn working capital limits.

**Outlook: Stable****Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	135.98	154.06
PAT	Rs. Cr.	3.16	2.31
PAT Margin	(%)	2.32	1.50
Total Debt/Tangible Net Worth	Times	0.88	1.85
PBDIT/Interest	Times	2.79	2.38

**Status of non-cooperation with previous CRA (if applicable)**

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Jan 2024	FBN/FBP/FBD/PSFC/FBE	Short Term	3.00	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.28	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.72	ACUITE BB+   Stable (Reaffirmed)
21 Oct 2022	Bills Discounting	Short Term	3.00	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	30.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BB+   Positive (Reaffirmed (Stable to Positive))
	Term Loan	Long Term	3.00	ACUITE BB+   Positive (Reaffirmed (Stable to Positive))

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A4+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jan 2026	3.28	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 Oct 2025	2.72	Simple	ACUITE BB+   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2027	3.00	Simple	ACUITE BB+   Stable   Reaffirmed

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Moparthi Anuradha Devi Senior Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.