

July 28, 2025

Bolas Agro Private Limited: Ratings upgraded to [ICRA]A+ (Stable)/ [ICRA]A1

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based limits – Cash credit	173.00	173.00	[ICRA]A+ (Stable); Upgraded from [ICRA]A (Stable)
Short term- Fund based limits – Working capital demand loan	50.00	50.00	[ICRA]A1; Upgraded from [ICRA]A2+
Short term- Non-fund based limits	69.00	69.00	[ICRA]A1; Upgraded from [ICRA]A2+
Long term/ Short term-Unallocated limits	15.00	15.00	[ICRA]A+ (Stable)/ [ICRA]A1; Upgraded from [ICRA]A (Stable)/ [ICRA]A2+
Total	307.00	307.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Bolas Agro Private Limited (BAPL) and Bola Surendra Kamath & Sons (BSK), a partnership firm promoted by the same promoter group, given the strong operational and financial linkages between the entities and their common management.

The upgraded ratings factor in the company's better-than-expected performance in FY2025 (provisional), marked by healthy growth in revenues and earnings, leading to an improved credit profile and its expected sustenance going forward. The company's revenue grew by 37% in FY2025 on the back of a healthy increase in volumes across product segments and improved realisations in the cashew segment. Steady demand across product categories and an increasing focus on the retail segment are expected to support a revenue growth of 5-6% in FY2026. Further, the company's strategic efforts to expand its footprint in modern trade channels, as well as e-commerce and quick commerce platforms are also expected to enhance brand visibility, and support revenue growth over the long term. Operating margins also improved significantly to 7.9% in FY2025 from 2.8% in FY2024, supported by enhanced gross margins owing to improved realisations in the cashew segment, inventory gains and operating leverage benefits from increased scale of operations. Additionally, lower promotional expenses in FY2025, following elevated spending in FY2024 due to new retail outlet launches, also contributed to the margin improvement. While the margins are expected to moderate from the FY2025 levels in the absence of inventory gains, the company's earnings are expected to be supported by steady operating margins of 5-6% and revenue growth. BAPL's capital structure and coverage metrics witnessed a healthy improvement in FY2025, supported by improved profitability. The TOL/TNW stood below 1.0 times while the interest coverage ratio improved to healthy levels of over 20 times in FY2025, reflecting robust debt protection metrics. The company's debt metrics are expected to remain healthy, going forward.

The ratings continue to derive comfort from the extensive experience of the promoters in the cashew processing industry. The company also trades in various products such as coffee, edible oil, almonds and other dry fruits. The business is further supported by the established brand presence of Bolas, which enjoys strong visibility across the dry fruits segment and retail outlets. This has enhanced the visibility for its newer product lines as well. Such products are marketed under the brands R U Nutz and Molsi's, targeting the retail segment through a mix of franchise-based outlets, company-owned stores, and online platforms. ICRA also notes BAPL's diversified customer base and strong relationships across segments, ensuring repeat orders and stable demand.

However, the ratings remain constrained by the low value-added nature of the trading business and the intense competition prevalent in the industry. The seasonal nature of procurement and sales of key commodities such as raw cashews, coffee, and dry fruits leads to working capital build-up during certain months, exposing the company to inventory risks. Additionally, the

company's profitability remains vulnerable to fluctuations in commodity prices, as seen in FY2024, and to changes in import duty structures and foreign exchange movements. Nonetheless, these risks are partially mitigated by BAPL's established market position, experienced management, and prudent risk management practices, including hedging of forex exposures.

The Stable outlook assigned to the long-term rating reflects ICRA's expectations that BAPL will continue recording a steady growth in revenue and earnings, benefitting from healthy demand and its strong presence in key product segments.

Key rating drivers and their description

Credit strengths

Experienced promoters and a leading position in the cashew segment with an established brand – The promoter family has a long and proven experience of more than six decades in the cashew processing industry, managing the business through its partnership firms. The extensive presence has enabled the development of a healthy brand portfolio and a leading position in the domestic cashew segment. Its flagship brand, Bolas, is well-recognised in South India. In addition to Bolas, the company markets dry fruits under the brands R U Nutz and Molsi's, which cater to varied consumer preferences and price segments. The edible oil products are sold under the brands Palm Raja and Leader Gold, which have also gained visibility in Karnataka.

Diversified product range – BAPL has a diversified range of food products, including flavoured cashew nuts, almonds, edible oils, dates and other dry fruits. Additionally, the company ventured into the Indian sweets market with 16 dry-fruit-based product offerings. These products are packaged using modified atmosphere packaging (MAP) technology, which extends the shelf life up to three months without preservatives, thereby maintaining freshness and quality. However, cashew sales drive the profit margins at present, given the thin gross margins in other products. BAPL has been expanding its retail footprint under the brand name 'Bolas' over the past few fiscal years, with 80+ outlets currently operational across Karnataka. The company plans to add 30–35 stores annually over the medium term. Further, the company's strategic initiatives to strengthen its presence in modern trade, e-commerce and quick commerce channels, including partnerships with Reliance Retail Limited, Flipkart India Private Limited and Zomato Hyperpure Private Limited etc. are expected to enhance brand visibility, and support growth in the retail segment.

Diversified customer and supplier bases – BAPL benefits from a diversified customer and supplier base across its key business segments. The top 10 customers across the segments contributed around 16% to the company's overall revenues in FY2025. Established relationships with customers have supported repeat orders and stable demand. On the procurement side, BAPL sources raw cashews from a wide network of suppliers across geographies, including Singapore, the UAE, and several African countries. Additionally, edible oil and coffee are locally procured from various domestic suppliers.

Comfortable financial profile – The company's revenues registered a healthy compound annual growth rate (CAGR) of 18% over the past four years ending FY2025, supported by sustained demand for its existing product portfolio, the launch of new products, and its strategic entry into the retail segment. In FY2025, the company reported a robust revenue growth of 37%, driven by volume expansion across product categories and improved realisations in the cashew segment. This growth momentum has translated into improved earnings over the years, resulting in a comfortable financial profile. This has also resulted in improved debt metrics with TOL/TNW of less than 1.0 times and interest coverage of over 20 times in FY2025. The company's debt comprises interest-free unsecured loans from promoters and working capital borrowings.

Credit challenges

Moderate margins, given low value-additive nature of business and intense competition - The company operates in a highly fragmented industry characterised by low entry barriers, which intensifies competitive pressures. BAPL has limited pricing flexibility as it is primarily engaged in the commodity segment. Domestic cashew processors also face stiff competition from international players, particularly from Vietnam, owing to lower labour costs and higher levels of mechanisation. Further, a significant portion of BAPL's revenues is derived from its edible oil division, which is dominated by palm oil, a low-margin

product. The dry fruits segment also operates on lower margins. Going forward, the company’s strategic expansion of its retail channel, which is relatively margin-accretive, is expected to support overall profitability over the medium term.

Large and seasonal working capital requirement owing to nature of business - The seasonal nature of raw material procurement, especially in the cashew and coffee segments, leads to high working capital requirements during peak procurement season.

BAPL’s vulnerability to fluctuations in commodity prices, regulatory risks and forex rates - BAPL remains vulnerable to volatility in commodity prices, adverse movements in forex rates and the duty structure. It is also exposed to the risk of inventory price decline, owing to the elongated holding period for certain commodities. Although inventory holding is low in the oil segment, the company holds 2-3 months of inventory in the cashew segment, exposing it to the risks of price fluctuations.

Liquidity position: Adequate

BAPL’s liquidity position is adequate, with a cash balance of ~Rs. 26.0 crore as on March 31, 2025, undrawn limit Rs. 126 crore as of May 2025 and retained cash flows of Rs. 45-50 crore in FY2026, which are expected to sufficiently cover the capex requirements of Rs. 15-20 crore. Given the seasonal nature of operations, the company’s working capital borrowings peak during the September-January period. The company does not have any long-term borrowings or repayment obligations, providing comfort to its liquidity profile.

Rating sensitivities

Positive factors – The ratings can be upgraded if the company demonstrates sustained growth in the scale of operations, along with diversification in revenue streams and improvement in profitability as well as liquidity profile.

Negative factors – Pressure on the ratings could arise if there is any significant decline in revenues or material deterioration in margins on a sustained basis. Any significant elongation of the working capital cycle or unanticipated large debt-funded capex/ investments, impacting the company’s liquidity position, could also be a trigger for ratings downgrade. A specific credit metric that could result in a downgrade is interest coverage remaining below 6.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of Bola Surendra Kamath & Sons and Bolas Agro Private Limited, based on the strong operational and financial linkages between the entities and their common management.

About the company

BAPL was established in February 2020 by the Kamath family from Karnataka, who carried out the business earlier through a partnership firm, Bola Surendra Kamath & Sons, established in 2005 by Mr. B. Damodar Kamath. BAPL trades in agricultural commodities like cashews, coffee, almonds, pistachios and other dry fruits, along with a large presence in the trading of palm oil, sunflower oil, mustard oil and other commonly used edible oils. BAPL continues to use the cashew processing facility in the Udupi district of Karnataka under the partnership firm, which has a processing capacity of 200 metric tonnes (MT) per day.

Key financial indicators (audited)

BAPL Consolidated	FY2024	FY2025*
Operating income	1,697.2	2,323.5
PAT	23.6	122.0
OPBDIT/OI	2.8%	7.9%
PAT/OI	1.4%	5.2%
Total outside liabilities/Tangible net worth (times)	1.2	0.7
Total debt/OPBDIT (times)	5.2	1.2
Interest coverage (times)	4.2	21.5

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	FY2026		Chronology of rating history for the past 3 years					
		Amount Rated (Rs. crore)	July 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long Term-Cash Credit-Fund Based	Long Term	173.00	[ICRA]A+ (Stable)	Aug 26, 2024	[ICRA]A (Stable)	Jul 27, 2023	[ICRA]A (Stable)	Jul 25, 2022	[ICRA]A (Stable)
Long Term / Short Term-Unallocated-Unallocated	Long Term/ Short Term	15.00	[ICRA]A+ (Stable)/ [ICRA]A1	Aug 26, 2024	[ICRA]A (Stable)/ [ICRA]A2+	-	-	-	-
Short Term- Others-Non Fund Based	Short Term	69.00	[ICRA]A1	Aug 26, 2024	[ICRA]A2+	Jul 27, 2023	[ICRA]A2+	Jul 25, 2022	[ICRA]A2+
Short Term- Working Capital Demand Loan-Fund Based	Short Term	50.00	[ICRA]A1	Aug 26, 2024	[ICRA]A2+	Jul 27, 2023	[ICRA]A2+	-	-
Short Term-Cash Credit-Fund Based	Short Term			-	-	-	-	Jul 25, 2022	[ICRA]A2+
Short Term-Unallocated-Unallocated	Short Term			-	-	-	-	Jul 25, 2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Short-Term - Fund Based – Working Capital Demand Loan	Very Simple
Short Term- Non-Fund Based Limits	Very Simple
Long Term/Short Term-Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term-Fund Based – Cash Credit	NA	NA	NA	173.00	[ICRA]A+ (Stable)
NA	Short Term-Fund Based – Working Capital Demand Loan	NA	NA	NA	50.00	[ICRA]A1
NA	Short Term-Non-Fund Based Limits	NA	NA	NA	69.00	[ICRA]A1
NA	Long Term/Short Term-Unallocated	NA	NA	NA	15.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company Name	Consolidation Approach
Bola Surendra Kamath & Sons (Partnership Firm)	Full Consolidation
Bolas Agro Private Limited	Full Consolidation

Source: Company

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