

September 08, 2025

Shree Krishnaprasad Cashews Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term Loan	15.00	15.00	[ICRA]BB+ (Stable); Rating reaffirmed
Long term – Fund based – Cash Credit	40.00	40.00	[ICRA]BB+(Stable); Rating reaffirmed
Short-term – Non-fund based – Others	3.75	3.75	[ICRA]A4+; Rating reaffirmed
Long term/Short term – Unallocated Limits	1.25	1.25	[ICRA]BB+(Stable) / [ICRA]A4+; Rating reaffirmed
Total	60.00	60.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Shree Krishnaprasad Agro Private Limited (SKAPL) and Shree Krishnaprasad Cashews Private Limited (SKC), commonly referred to as the Group, while assigning the rating, given the managerial linkages and significant operational and financial linkages between these entities.

The rating assigned to SKAPL and reaffirmed for SKC considers the extensive and long experience of the promoters of the Group in the cashew processing industry and its established relationships with a diversified customer base leading to repeat orders, which is expected to support revenue growth going forward. Further, the rating continues to derive comfort from its long relationships with suppliers for procurement of raw cashew nuts (RCNs), which is largely imported from Africa. ICRA further notes the recent capex undertaken by the Group with the new unit located in Vandar expected to commence operations from October 2025 lead to volume growth. This apart, significant increase in realisations in FY2025 improved the Group's financial risk profile in FY2025. However, sustainability of the same remains to be seen.

The rating is, however, constrained by the company's high working capital intensity, which stood at 41% in FY2025 on account of elevated raw material levels. With the commencement of the Vandar unit, which may increase the Group's scale, the working capital intensity is likely to remain high, especially during the peak season of RCN procurement. Further, the Group may require incremental working capital limits to support the growing scale, given the higher utilisation of already sanctioned limits. This apart, the company's revenue and profitability will remain vulnerable to intense competition owing to the fragmented nature of the cashew industry. Additionally, the entity's margins are vulnerable to volatility in cashew price movements and forex fluctuations like other industry players.

The Stable outlook reflects ICRA's expectation that SKAPL will be able to register a steady revenue growth along with stable profitability on the back of repeat business generation from the clients amid stable demand of cashews.

Key rating drivers and their description

Credit strengths

Experienced promoters in cashew processing industry – SKAPL's promoters have a decade of experience in the cashew processing industry. Further, the Group has established relationships with its suppliers, leading to the ease of RCN procurements.

Established track record with suppliers/customers and a diversified customer base – The company sells processed cashew kernels mainly to a large and diversified base of wholesalers in the domestic market. The company has developed long-term relationships with several wholesale buyers in the domestic market, which is reflected in regular orders in the past and increasing scale.

Recently undertaken capex augurs well for future revenue growth – The Group is undertaking a capex of Rs. 54.3 crore in Shree Krishnaprasad Agro Private Ltd. The capex is being incurred in two different tranches, Rs. 23 crore in FY2025 and Rs. 31.3 for FY2026. The same has been funded through mix of term loans and internal accruals, thereby resulting in an increase in overall debt levels. The ongoing capex is expected to lead to a volume growth of 20-25%, going forward.

Credit challenges

High working capital intensity – The company's working capital intensity remains high on account of its large inventory, which includes RCNs as well as processed cashews. The entity's utilisation of its bank limits is generally over 90%, with a limited buffer for urgent requirements and, therefore, may require incremental working capital limits to support future growth. Further, the company's liquidity remains stretched with stable but limited cash accruals and nominal free balances. However, promoters have provided regular need-based support through unsecured loans with flexible repayment terms, which is expected to be extended, if required.

Margins exposed to volatility in cashew prices and foreign exchange fluctuations – The procurement of RCN is seasonal. The prices of cashew kernels and RCNs vary daily, depending on the international demand-supply scenario, exposing the company's margins to price fluctuations as well as forex risks. Moreover, RCN availability is subject to agro-climatic risks.

Intense competition with low product differentiation and value addition limit pricing flexibility – The company faces stiff competition from many small units within Karnataka as well as other neighbouring states. Further, the Indian players face competition from other countries in the export market. The industry is highly fragmented because of the low entry barriers owing to low capital and technology-intensive nature of operations. It is highly dependent on labour and is periodically affected by labour shortage issues. Lack of product differentiation and intense competition restrict its bargaining position and pricing flexibility.

Liquidity position: Stretched

The liquidity position of the company is stretched mainly on account of high utilisation of working capital limits of over 90% resulting in limited buffer in the working capital limits. The overall average working capital utilisation stood at 93% between July 2024 and July 2025. Further, the company's cash balance is modest at Rs. 0.39 crore as on March 31, 2025. The high utilisation of working capital limits is mainly required during the peak season (January-September) of raw cashew nut procurement leading to high working capital intensity.

Rating sensitivities

Positive factors – The rating may be upgraded in case of ramp-up of the earnings leading to improved debt protection metrics and liquidity. TD/OPBDITA less than 3 times on a sustained basis can also lead to a rating upgrade.

Negative factors – Pressure on the rating could arise if the company's scale and profitability significantly decline, resulting in a deterioration in its debt coverage metrics on a sustained basis. Further, any stretch in the working capital cycle, unanticipated large debt-funded capex, resulting in a deterioration in the company's liquidity, could trigger a downgrade. Specific credit metric includes a DSCR of less than 1.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of SKC and SKAPL, on account of common shareholders, promoters and operations in similar lines of business.

About the company

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Shree Krishnaprasad Agro Private Limited (SKAPL/company) was incorporated in February 2024. The company is currently engaged in cashew processing and plans to undertake other commodity processing like almonds, pistachios and coffee as well as enter the retail business for these commodities in the medium term. The company's sales are focused on the domestic market, which derives nearly 90% of its revenues and has limited exports to customers in Dubai, Japan and Europe.

The company has an associate entity, Shree Krishnaprasad Cashews Private Ltd., which is also involved in processing cashew. The new company SKAPL was incorporated to incur benefits of low-income tax of around 15% and subsidy benefits for purchase of machines.

The Shree Krishnaprasad Group is promoted by Mr. Sampath Shetty and Ms. Sonali Shetty and shareholding in both the companies is held entirely by them.

Key financial indicators (Consolidated)

Shree Krishnaprasad Cashews Private Limited	Consolidated*	
	FY2024	FY2025
Operating income	155.1	228.8
PAT	4.1	43.2
OPBDIT/OI	10.9%	29.1%
PAT/OI	2.6%	18.9%
Total outside liabilities/Tangible net worth (times)	3.2	1.0
Total debt/OPBDIT (times)	3.5	1.0
Interest coverage (times)	2.1	8.0

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore & lower italics

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
CRISIL	CRISIL B (Stable) ISSUER NOT COOPERATING; Revised from CRISIL BB (Stable) ISSUER NOT COOPERATING	October 09, 2024

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years		
		Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2022
			Sep 08, 2025	Oct 25, 2024	Jul 17, 2023	-
1 Fund based – Term loan	Long term	15.00	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	-
2 Fund based – Cash credit	Long term	40.00	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	-
3 Non-fund based - Others	Short term	3.75	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	-
4 Unallocated Limits	Long term/Short term	1.25	[ICRA]BB+ (Stable)/[ICRA]A4+	[ICRA]BB+ (Stable)/[ICRA]A4+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund based - Others	Very simple
Long-term/Short-term – Unallocated limits	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	Term Loan	FY2023	10.40%	FY2028	15.00	[ICRA]BB+(Stable)
NA	Cash Credit	FY2023	10.15%	-	40.00	[ICRA]BB+(Stable)
NA	Others - SLC	FY2023	11.15%	-	3.75	[ICRA]A4+
NA	Unallocated Limits	-	-	-	1.25	[ICRA]BB+(Stable)/ [ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation approach
Shree Krishnaprasad Agro Private Limited	100.0%	Full consolidation

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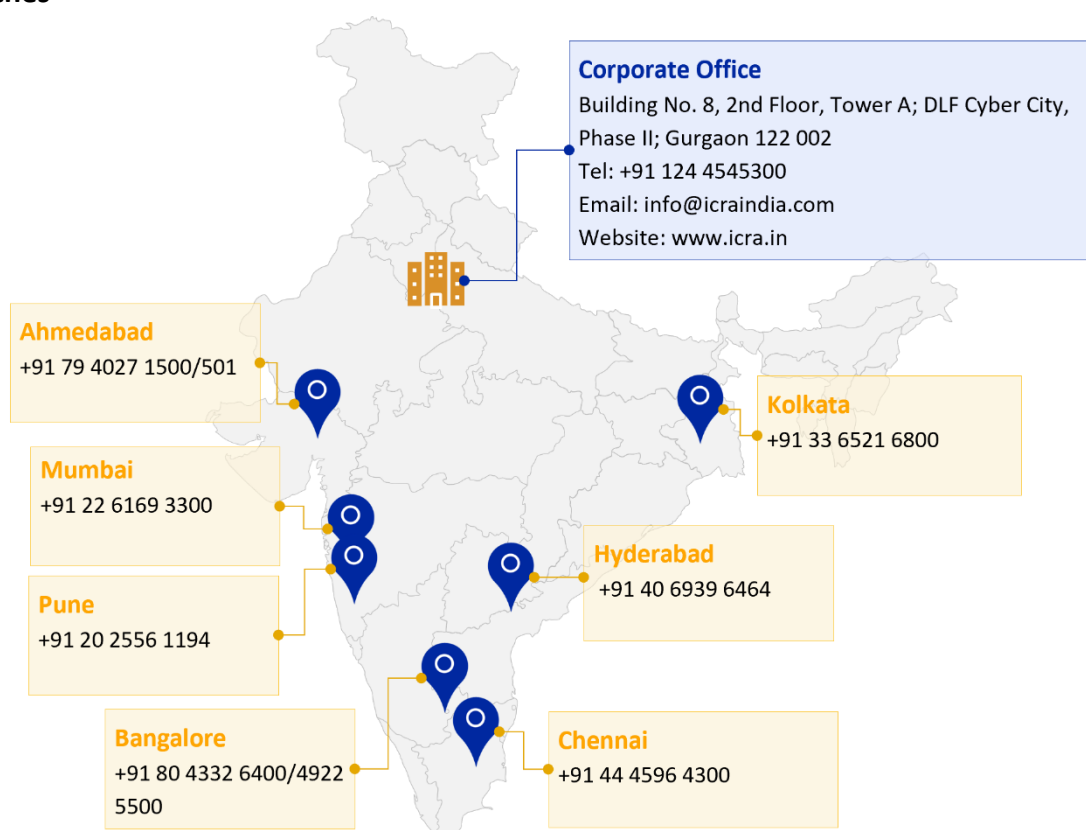
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