

## Tara Exports

Instruments	Amount (Rs. crore <sup>1</sup> )	Rating Action
Long-term: Term loans	0.10 (revised from 1.06)	[ICRA]B+/ re-affirmed
Short-term: Fund based facilities	20.00 (revised from 23.00)	[ICRA]A4/ re-affirmed
Short-term: Fund based facilities (sub-limit)	Nil (revised from 3.00)	
Short-term: Proposed facilities	4.90 (revised from 0.94)	

ICRA has reaffirmed the long-term rating of **[ICRA]B+** (pronounced ICRA B plus) outstanding on the Rs. 0.10 crore (revised from 1.06) term loans facilities of Tara Exports ("TE" / "the Firm"). ICRA has also reaffirmed the short-term rating of [ICRA]A4 (pronounced ICRA A four) outstanding on the Rs. 20.00 crore (revised from Rs. 23.00 crore) fund based facilities and the Rs. 4.90 crore proposed facilities of the Firm.

The reaffirmation of ratings takes into account the long-standing experience of the promoters in the cashew processing industry and the advantages arising from being part of the broader K Parameswaran Pillai (KPP) group in acquiring new customers and sourcing raw materials. ICRA also takes note of the diversified customer base and repeat orders from several customers, which lend stability to volumes to an extent. The ratings are however, constrained by the small scale of operations limiting the financial flexibility and the benefits from economies of scale. The ratings also take into account the weak financial profile of the firm characterized by declining operating income, stretched capital structure and high working capital intensity driven by stretched receivables. The ratings are further constrained by high competition and low value-added nature of the products resulting in limitations on pricing flexibility. The ratings also take into account the Firm's exposure to agro climatic risks, volatility in raw material prices and forex fluctuations. Going forward, the Firm does not have any major debt-funded capital expenditure plans over the medium term. Hence, ability of the Firm to improve its revenues by scaling up the operations and its profit margins will be critical to improving its credit profile.

### Firm Profile

Tara Exports is a partnership firm established in the year 2010 and is engaged in processing raw cashew nuts and trading of cashew kernels. The promoter and Managing Partner of the firm is Mr. Narayan Bharathan who has nearly 18 years of experience in cashew industry. Tara Exports is the successor company to "Asiatic Export Enterprises" – a partnership firm which was wound up in 2010 following the death of its founder & Chief Executive Mr. P. Bharathan Pillai (father of Mr. Narayan Bharathan). The Asiatic Group has been in cashew business for almost half a century and was part of broader K. Paramseswaran Pillai (KPP) Group. Tara Exports gets the processing done from its group entity - Malayalam Exports, which has ~nine factories in Kerala and Tamil Nadu with a total capacity of ~6000 tons per annum.

KPP group was among the pioneers of cashew industry in India and was founded in 1925 by Mr. K. Parameswaran Pillai. Overtime several cashew companies run by second and third generation family members of Mr. Parameswaran Pillai emerged under the broad KPP group. While the firms are promoted and managed independently, for marketing and sourcing the KPP brand name is used by associated firms. Apart from the firm, the partners also have interest in two other firms - also engaged in similar line of business as TE and having operational linkages with the firm; one of them is Tara Foods (TF- rated [ICRA]B+ / [ICRA]A4)

### Recent Results

The Company reported a net profit of Rs. 0.7 crore on an operating income of Rs. 30.3 crore during 2014-15 as against a net profit of Rs. 0.3 crore on an operating income of Rs. 51.7 crore during 2013-14.

**March 2016**

<sup>1</sup>100 lakh = 1 crore = 10 million



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