



Press Release

SAHU REFRIGERATION INDUSTRIES PRIVATE LIMITED (ERSTWHILE SAHU REFRIGERATION INDUSTRIES LIMITED) November 07, 2025 Rating Downgraded

Product	Quantum (Rs. CR)	Long Term Rating	Short Term Rating
Bank Loan Ratings	96.38	ACUITE BB+ Stable Downgraded	-
Bank Loan Ratings	2.25	-	ACUITE A4+ Downgraded
Total Outstanding Quantum (Rs. Cr)	98.63	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to “ACUITE BB+” (read as ACUITE double B plus) from “ACUITE BBB-” (read as ACUITE triple B minus) and short term rating to “ACUITE A4+” (read as ACUITE A four plus) from “ACUITE A3” (read as ACUITE A three) for Rs.98.63 Crore bank loan facilities of Sahu Refrigeration Industries Private Limited. The outlook is “Stable”.

Rationale for downgrade

The rating downgrade factors the decrease in revenue and profitability marked by operating income of Rs.490.08 Crore in FY2025 as against Rs.561.19 Crore in FY2024 and Rs.573.17 Crore in FY2023. The EBITDA and PAT Margin of the company stood at 1.48% and (1.06)% respectively in FY2025. Moreover, the company has clocked revenue of Rs.164.22 Crore in H1 FY2026. The decrease in revenue and profitability is on account of stiff competition in the market and sluggish customer sentiments on the back of anticipated new variants. Furthermore, the financial risk profile of the company is below average as suggested by high gearing ratio which stood at 4.53 times as on 31st March 2025 along with interest coverage ratio and debt service coverage ratio which stood at 0.90 times and 0.75 times respectively as on 31st March 2025. The rating also takes into consideration stretched liquidity profile of the company marked by insufficient net cash accruals against its debt repayment obligations wherein the gap in repayments has been met by unsecured loans infused by body corporates and others. However, the rating draws comfort from the established track record of operations and experience of the management in the same line of business. Acuite notes that the operations of the company are vulnerable to the inherent cyclical nature of the automobile industry and the intense competition among the dealers however ability of the company to improve its profitability margins while scaling up of operations will be rating sensitivity.

About the Company

Sahu Refrigeration Industries Private Limited (Erstwhile Sahu Refrigeration Industries Limited) is a Delhi based company incorporated in 1970. Lohia group acquired the company in June 1981 and undertook business of steel furnace initially and steel pipes trading subsequently. However, the same was discontinued in FY18. In FY19, management decided to foray into the automobile dealership business of KIA Motors. Now, the automobile dealership is the only business and core focus area of the company. The directors of the company are Mr. Navarun Lohia, Mr. Sandeep Kumar Gupta and Ms. Renu Gupta.

Unsupported Rating
Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Sahu Refrigeration Industries Private Limited (SRIPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced and Resourceful management

SRIPL is part of Lohia group and has almost a decade of operational track record in the auto dealership industry. Mr. Navarun Lohia, Mr. Sandeep Kumar Gupta and Ms. Renu Gupta are involved in monitoring internal controls and financial activities of SRIPL. The extensive experience of the management has helped the company establish long-term relations with Kia Motors India. The management and body corporates have further infused funds in the form of unsecured loans in order to support the company's scale of operations. Acuité believes that the operational track record of SRIPL and promoters' extensive understanding and expertise will continue to benefit the company in near to medium term,

Efficient Working capital operations

The working capital operations of the company are efficient marked by GCA days of 62 days as on 31st March 2025 as against 59 days as on 31st March 2023. The inventory days stood at 28 days as on 31st March 2025 as against 24 days 31st March 2024 as the company maintains inventory of all the models of cars for display at various showrooms. Additionally, other current assets stood high in FY2025 which majorly includes advances to suppliers, other receivables and recoveries, etc. Further, debtor days stood at 12 days as on 31st March 2025 as against 15 days 31st March 2024 and the creditor days stood at 3 days as on 31st March 2025 as against 2 days in FY2024. Acuité believes that the working capital operations are likely to remain in similar range in near to medium term owing to the nature of operations.

Weaknesses

Decrease in Revenue and Profitability

The company registered revenue of Rs.490.08 Crores in FY2025 as against Rs.561.19 Crores in FY2024. The EBITDA Margin of the company stood at 1.48 % in FY2025 as against 2.75% in FY2024. Further, the company booked net losses of Rs.5.18 Cr. in FY2025 and the PAT Margin declined and stood at (1.06)% in FY2025 from 0.48% in FY2024. The decrease in revenue and profitability is majorly on account of stiff competition from market leaders of industry with companies launching new models at competitive price. Further, SRIPL also faces competition from other dealers of KIA Motors. This competitive pressure resulted into higher discounts thereby impacting revenue and profitability. Additionally, sales of Kia Seltos dipped as the customers have been anticipating new variants/ models leading to dip in revenue. Moreover, the company has clocked revenue of Rs.164.22 Crore in H1 FY2026 as against Rs.239.74 Crore in H1 FY2025. Along with the above mentioned reasons for decline in revenue, customer sentiment was also one of the factors wherein some buyers were waiting for the new GST reforms to take effect, leading to revenue dip in September, 2025 (FY2026). Acuite believes that ability of the company to improve its profitability margins while scaling up its operations in near to medium term will remain a key rating sensitivity.

Below Average Financial Risk Profile

The financial risk profile of the company is marked by low net-worth which stood at Rs.24.96 Crore as on 31st March 2025 against Rs.30.14 Crore as on 31st March 2024. The decrease in net-worth is on account of losses booked by the company in FY2025. The capital structure of the company is marked by high gearing ratio which stood at 4.53 times as on 31st March 2025

against 3.32 times as on 31st March 2024. Further, coverage indicators are reflected by interest coverage ratio and debt service coverage ratio which stood at 0.90 times and 0.75 times respectively as on 31st March 2025 against 1.96 times and 1.74 times respectively as on 31st March 2024. The RoCE levels of the company stood at 2.41% in FY2025 as against 10.33% in FY2024. The TOL/TNW ratio of the company stood at 4.94 times as on 31st March 2025 against 3.78 times as on 31st March 2024 and DEBT-EBITDA stood at 15.04 times as on 31st March 2025 against 6.62 times as on 31st March 2024. Acuité expects that financial risk profile of the company will be a key rating monitorable in near to medium term.

Rating Sensitivities

- Improvement in its profitability margins while scaling up of operations
- Movement in financial risk profile
- Liquidity position

Liquidity Position Stretched

The liquidity profile of the company is stretched marked by net cash accruals of Rs.(0.89) Crore as on 31st March 2025 against the debt repayment obligation of Rs.1.58 Crore over the same period. The gap in repayments has been met by unsecured loans infused by body corporates and others. Going forward, the company is expected to generate net cash accruals upto Rs.5.25 Crore in the next two years against nil debt repayment obligations in the same period. The current ratio of the company stood at 1.11 times as on 31st March 2025 against 0.94 times as on 31st March 2024. The cash and cash equivalents available with the company stood at Rs.8.31 Crore as on 31st March 2025. Further, the fund based working capital limits stood utilised at 82.08% in last six months ended August, 2025. Acuité expects that liquidity position of the company will be a key rating monitorable in near to medium term.

Outlook: Stable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	490.08	561.19
PAT	Rs. Cr.	(5.18)	2.70
PAT Margin	(%)	(1.06)	0.48
Total Debt/Tangible Net Worth	Times	4.53	3.32
PBDIT/Interest	Times	0.90	1.96

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Aug 2024	Bank Guarantee (BLR)	Short Term	2.25	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	0.05	ACUITE BBB- Stable (Reaffirmed)
	Inventory Funding	Long Term	28.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.33	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.67	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.33	ACUITE BBB- Stable (Assigned)
	Inventory Funding	Long Term	28.00	ACUITE BBB- Stable (Reaffirmed)
	Inventory Funding	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
22 Sep 2023	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A3 (Assigned)
	Inventory Funding	Long Term	6.75	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	0.05	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	12.00	ACUITE BBB- Stable (Assigned)
	Inventory Funding	Long Term	74.25	ACUITE BBB- Stable (Reaffirmed)
12 Aug 2022	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A3 (Assigned)
	Inventory Funding	Long Term	49.75	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	5.25	ACUITE BBB- Stable (Reaffirmed)
	Inventory Funding	Long Term	19.25	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	4.95	ACUITE BBB- (Reaffirmed & Withdrawn)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.25	Simple	ACUITE A4+ Downgraded (from ACUITE A3)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.05	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	27.00	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.33	Simple	ACUITE BB+ Stable Downgraded (from ACUITE BBB-)

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About Acuité Ratings & Research

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