

June 29, 2015

Facilities	Amount (Rs. Crore)	Ratings
FDBP*	7.00	SMERA BB-/Stable (upgraded from SMERA D)
Packing Credit	5.75	SMERA BB-/Stable (Upgraded from SMERA D)
Overdraft	1.50	SMERA BB-/Stable (Upgraded from SMERA D)
Term Loan	2.78	SMERA BB-/Stable (Upgraded from SMERA D)
Bank Guarantee	0.25	SMERA A4+ (Upgraded from SMERA D)
FDBP* (Proposed)	3.00	SMERA BB-/Stable (Upgraded from SMERA D)
Packing Credit (Proposed)	2.00	SMERA BB-/Stable (Upgraded from SMERA D)
Term Loan (Proposed)	2.00	SMERA BB-/Stable (Upgraded from SMERA D)

*Foreign Documentary Bill of Purchase

SMERA has upgraded the long-term rating of the Rs.24.03 crore bank facility of Sava International Private Limited (SIPL) to '**SMERA BB-** (read as SMERA double B minus) from SMERA D (read as SMERA single D) and short term rating on the Rs.0.25 crore bank facility to '**SMERA A4+**' (read as SMERA A four plus) from 'SMERA D' (read as SMERA D). The outlook is 'Stable'.

The rating upgrade is in view of timely servicing of debt by the company, experienced management, healthy relations with customers and suppliers and moderate financial risk profile. However, the ratings remain constrained by the modest scale of operations and company's exposure to intense competition in the textile (home furnishing) industry.

Update

SIPL has serviced its debt obligations in a timely manner since January, 2015. The company continues to benefit from its experienced management. Mr. Anil Khanna, Managing Director has more than four decades of experience in the company's line of business. SIPL's financial risk profile has improved, evident from leverage (debt-equity ratio) to 1.02 times (provisional) for the period April 2014 to March 2015 from 1.95 times in the previous year. The interest coverage and net cash accruals to total debt (NCA/TD) were 2.63 times and 0.26 times (provisional) respectively, in FY2014-15.

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However, on the business front, the scale of operations of the company continue to remain modest evident from the operating income of Rs.65.9 crore (provisional) in FY2014-15. The company faces intense competition from several players in the textile (home-furnishing) industry.

Outlook: Stable

SMERA believes SIPL's outlook continues to remain stable over the medium term. The company benefits from its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive', in case the company expands its scale of operations while registering better profit margins and achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's capital structure or in case of adverse economic conditions in SIPL's key markets.

About the Company

SIPL, incorporated in 1980, is a Gurgaon-based company engaged in the manufacture and export of cushion covers, curtains, table cloth among others. The company is headed by Mr. Anil Khanna, Managing Director.

For FY2013-14, SIPL reported profit after tax (PAT) of Rs.0.75 crore on operating income of Rs.55.66 crore, as compared with PAT of Rs.2.38 crore on operating income of Rs.39.08 crore in the previous year. For 2014-15, SIPL reported operating income of Rs.65.91 crore (provisional). The company's net worth stood at Rs.9.31 crore as on March 31, 2014, as compared with Rs.8.62 crore a year earlier.

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