

Sava International Private Limited (SIPL): Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings/Outlook
FDBP*	7.00	SMERA BB-/Stable (Reaffirmed)
Packing Credit	5.75	SMERA BB-/Stable (Reaffirmed)
Overdraft	2.00 (enhanced from Rs. 1.50 crore)	SMERA BB-/Stable (Reaffirmed)
Term Loan	2.78	SMERA BB-/Stable (Reaffirmed)
Bank Guarantee	0.25	SMERA A4+ (Reaffirmed)
FDBP (Proposed)	2.50 (reduced from Rs.3.00 crore)	SMERA BB-/Stable (Reaffirmed)
Packing Credit (Proposed)	2.00	SMERA BB-/Stable (Reaffirmed)
Term Loan (Proposed)	2.00	SMERA BB-/Stable (Reaffirmed)

*Foreign Documentary Bill of Purchase

SMERA has reaffirmed ratings of '**SMERA BB-**' (read as SMERA double B minus) on the Rs.24.03 crore long term (fund based) and '**SMERA A4+**' (read as SMERA A four plus) on the Rs.0.25 crore short term (non-fund based) bank facility of Sava International Private Limited (SIPL). The outlook continues to remain '**Stable**'.

The ratings continue to draw comfort from the company's moderate financial risk profile, experienced management and established operations. However, the ratings continue to be constrained by the modest scale of operations and exposure to intense competition in the textile (home furnishing) industry.

Update

For FY2014-15 (refers to financial year, April 01 to March 31), SIPL registered net profit of Rs.1.62 crore on operating income of Rs.70.95 crore as against net profit of Rs.0.75 crore on operating income of Rs.55.66 crore in FY2013-14.

The financial risk profile continues to remain moderate evident from the leverage (debt-equity ratio) of 1.08 times (provisional) for April 2015 to March 2016 from 0.90 times in the previous year. The interest coverage and net cash accruals to total debt (NCA/TD) were 3.18 times and 0.19 times (provisional) respectively in FY2015-16.

SIPL benefits from its experienced management. Mr. Anil Khanna, Managing Director has more than four decades of experience in the company's line of business.

However, the company has moderate scale of operations with operating income of Rs.44.06 crore in FY2015-16. The moderation in operating income over the previous year is driven by geopolitical issues in key markets. Besides, it faces competition from several players in the textile (home furnishing) industry.

Outlook: Stable

SMERA believes that the outlook of SIPL will continue to remain stable over the medium term owing to its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive', if 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 capital structure or adverse economic conditions in SIPL's key markets.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

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 FY2015-16, SIPL reported profit after tax (PAT) of Rs.0.57 crore on operating income of Rs.44.06crore (provisional), as compared with PAT of Rs.1.62 crore on operating income of Rs.70.95 crore in the previous year. The company's net worth stood at Rs.10.52 crore (provisional) in FY2015-16, as compared with Rs.10.90 crore a year earlier.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
29 Jun, 15	FDBP*	7.00	SMERA BB-	-	Stable
	Packing Credit	5.75	SMERA BB-	-	Stable
	Overdraft	1.50	SMERA BB-	-	Stable
	Term Loan	2.78	SMERA BB-	-	Stable
	Bank Guarantee	0.25	-	SMERA A4+	-
	Proposed FDBP	3.00	SMERA BB-	-	Stable
	Proposed Packing Credit	2.00	SMERA BB-	-	Stable
	Proposed Term Loan	2.00	SMERA BB-	-	Stable
27 Feb, 15	FDBP*	7.00	SMERA D	-	-
	Packing Credit	5.75	SMERA D	-	-
	Overdraft	1.50	SMERA D	-	-
	Term Loan	2.78	SMERA D	-	-
	Bank Guarantee	0.25	-	SMERA D	-
	FDBP* Proposed	3.00	SMERA D	-	-
	Term Loan (Proposed)	2.00	SMERA D	-	-
	Packing Credit (Proposed)	2.00	SMERA D	-	-
23 Jul, 14	FDBP*	7.00	SMERA C	-	-
	Packing Credit	5.75	SMERA C	-	-
	Bank Guarantee	0.25	-	SMERA A4	-
	Proposed Long Term	7.00	SMERA C	-	-

*Interchangeable to the extent of Rs.1.50 crore with bills discounting and packing credit

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ABOUT SMERA

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