



Press Release
SABARI DISTRIBUTION PRIVATE LIMITED
September 03, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	62.50	ACUITE BBB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	62.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs. 62.50 Cr. bank facilities of Sabari Distribution Private Limited (SDPL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation reflects company's stable operating performance and moderate financial risk profile. The rating also derives its strength from experienced management and long operational track record, efficient working capital management and adequate liquidity. The rating is however constrained on account of moderate financial risk profile and principal concentration risk.

About the Company

Incorporated in 1999, Sabari Distribution Private Limited (SDPL) is promoted by Mr. Malappil Venugopalan Rajesh, Mr. Jagannivasan Nair Therambath, Ms. Girija Rajan and Mr. Sreekumar Puthan Veedu. The Company is the sole distributor of Proctor & Gamble (P&G) for the entire range of its products in the state of Kerala and four districts of Tamil Nadu. Additionally, the company is the sole distributor of Britannia dairy products and Britannia Biscuits in Wayanad, Calicut, Kannur, Ernakulam and Kotayam districts of Kerala and Tamil Nadu. The company facilitates distributorship through 43 branches in Kerala.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of SDPL to arrive at the rating.

Key Rating Drivers

Strengths

Long track record and established relations with Proctor & Gamble

SDPL has an established track record of over two decades in the FMCG sector as a distributor. The company is promoted by Mr. Padmanabhapillai Krishnarajan Rajan, who has extensive experience spanning more than two decades in the FMCG industry, resulting in long-standing relationships with many of the key personnel at P&G throughout India. The senior management team is ably supported by a strong line of mid-level managers. The extensive experience of the promoters is reflected in their established relationships with customers and suppliers. The company covers 1,10,000+ customers, and the key customers of the company include reputed names like Lulu, More Retail Limited, Lachmandas Trading Company, Bismi Hypermart Private Ltd, Pothys, Dhanya Consumers Pvt. Ltd and Spencer's Retail Limited, amongst others, with no major concentration in revenues.

Further, the company has been the sole distributor of Procter & Gamble (P&G) products in the state of Kerala for

the past two decades. It expanded its operations into Tamil Nadu by taking over the P&G distribution in four districts: Coimbatore, Nilgiris, Erode, and Tiruppur, with effect from April 2021. The company also started new Britannia branches at Ernakulam (as of November 2021) and Kotayam (as of April 2022). Acuité believes that SDPL's business risk profile would improve on the back of industry experience and domain knowledge of the management, geographical reach, and established relationships with the principal.

Steady operating performance

The operating income of the company stood at Rs. 1,267.65 Cr. in FY2025 (prov.) as against Rs. 1,224.76 Cr. in FY2024. Further, it is estimated to achieve a revenue of Rs. 1,302.97 Cr. in FY2026. Profitability margin i.e. EBITDA margin stood at 1.22 per cent in FY2025 (prov.) as against 1.21 per cent in FY2024. Further, Net Profit margin remained thin at 0.51 per cent in FY2025 (Prov.) as against 0.54 per cent in FY2024. Acuité believes that the operating performance of the company would remain steady on the back of stable business risk profile.

Efficient Working capital management

SDPL manages its working capital efficiently as reflected in its gross current assets (GCA) days of 43 days as on March 31, 2025 (Prov.), as against 39 days as on March 31, 2024. Inventory days stood at 17 days as on March 31, 2025 (Prov.), as against 15 days as on March 31, 2024. The debtor day stood at 20 days as on March 31, 2025 (Prov.), as against 19 days as on March 31, 2024. Subsequently, the payable period stood at 15 days as on March 31, 2025 (Prov.), as against 14 days as on March 31, 2024, respectively. Further, the average bank limit utilization in the last six months ended July 2025 remained at ~84 per cent for fund based. Acuité believes that the working capital operations of the company will remain efficient due to efficient collection mechanism and just in time inventory levels.

Weaknesses

Moderate financial risk profile

The financial risk profile of the company has remained moderate with moderate net worth, capital structure and moderate gearing, comfortable debt protection metrics. The net worth of the company improved and stood at Rs.54.07 Cr. and Rs.47.66 Cr. as on March 31, 2025 (Prov.) and 2024 respectively. The gearing of the company stood at 1.03 times as on March 31, 2025 (Prov.), against 1.08 times as on March 31, 2024. Debt protection metrics – Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 2.34 times and 1.12 times as on March 31, 2025 (Prov.), respectively as against 2.50 times and 1.58 times as on March 31, 2024, respectively. The debt to EBITDA of the company stood at 3.50 times as on March 31, 2025 (Prov.), as against 3.36 times as on March 31, 2024. NCA /TD stood at 0.14 as on March 31, 2025 (Prov.), as against 0.15 times as on March 31, 2024. Acuité believes, that the financial risk profile of SDPL will continue to remain moderate over the medium term.

Principal concentration risk

The company is exposed to principal concentration risk, with over 84 per cent of procurement in FY 2025 coming from a single principal, P&G and rest from Britannia as company is having exclusive distributorship for them, such dependency can pose challenges if supply chain disruptions or pricing changes occur. However, the risk is mitigated to an extent as company is having long standing relations of over two decades with P&G and over 3 years with Britannia.

Rating Sensitivities

- Significant improvement in the scale of operations, while maintaining profitability
- Changes in financial risk profile
- Any significant elongation of working capital cycle

Liquidity Position

Adequate

The liquidity profile of the company is adequate marked by adequate net cash accruals against repayment obligations. The company generated net cash accruals (NCA) of Rs 7.71 Cr. ending FY2025 (Prov.) against its maturing debt obligations of Rs. 6.17 Cr. The company is expected to generate net cash accruals in the range of Rs.8.00 to 8.50 Cr. against repayment obligations of Rs.2.00 to Rs. 2.10 Cr. over the medium term. Unencumbered cash and bank balances stood at Rs.7.04 Cr. as on March 31, 2025 (Prov.). The current ratio of the company stood at 1.34 times as on March 31, 2025 (Prov.). Further, the average bank limit utilization in the last six months ended July, 2025 remained high at ~84 per cent for fund based.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1267.65	1224.76
PAT	Rs. Cr.	6.42	6.65
PAT Margin	(%)	0.51	0.54
Total Debt/Tangible Net Worth	Times	1.03	1.08
PBDIT/Interest	Times	2.34	2.50

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
05 Jun 2024	Cash Credit	Long Term	49.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Term Loan	Long Term	8.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
	Term Loan	Long Term	4.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Positive)
08 Mar 2023	Term Loan	Long Term	4.50	ACUITE BBB Positive (Assigned)
	Term Loan	Long Term	8.50	ACUITE BBB Positive (Reaffirmed)
	Proposed Cash Credit	Long Term	0.25	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	8.25	ACUITE BBB Positive (Assigned)
	Cash Credit	Long Term	41.00	ACUITE BBB Positive (Reaffirmed)
11 Jul 2022	Cash Credit	Long Term	41.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	0.25	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	8.50	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Dhanlaxmi Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	59.50	Simple	ACUITE BBB+ Stable Reaffirmed
Dhanlaxmi Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	11 Mar 2027	3.00	Simple	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

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