

Savla Foods & Cold Storage Private Limited

Instrument	Amount (Rs. Crore)	Rating Action
Long-term – Term Loan	23.20 (Revised from 19.70)	[ICRA]BB-; Upgraded from [ICRA]B+
Long-term fund-based limits	5.00	[ICRA]BB-; Upgraded from [ICRA]B+
Short-term non fund based limits	0.50	[ICRA]A4; Reaffirmed
Unallocated Long term/Short term	11.30 (Reduced from Rs. 20.00)	[ICRA]BB-/ [ICRA]A4 Upgraded / Re-affirmed

ICRA has revised the long-term rating assigned to the Rs. 23.20 crore¹ term loans (revised from Rs 19.70 crore), Rs.5.00 crore fund based facilities and Rs 11.30 crore unallocated limits (interchangeable between long term and short term) (Reduced from Rs. 20.00 crore) of Savla Foods and Cold Storage Private Limited ('SFCSP' or 'the company')² to [ICRA]BB- (pronounced as ICRA double B minus) from [ICRA]B+ (pronounced as ICRA B plus). ICRA has also reaffirmed the short term rating of [ICRA]A4 (pronounced ICRA A four) assigned to the Rs. 0.50 crore non fund based limits and Rs 11.30 crore unallocated limits (interchangeable between long term and short term) of SFCSP. The outlook on the long-term rating is 'Stable'.

The rating upgrade takes into account the moderation in capital structure and improvement in other debt coverage metrics, with prepayment of loans, lead by asset sale and recovery of advances, thereby aiding the financial flexibility of the firm. The ratings continue to favourably take into account the extensive experience of the promoters in the cold storage business. The ratings however continues to be constrained by the small scale of operations of the company, vulnerability of the company's revenues to seasonality and other agro climatic risks, timely receipt of rentals and capital intensive nature of business. ICRA notes that the company has high debt repayments lined up in medium term, hence adequate cash flow generation from business coupled with monetization of asset in case of any shortfall remains key from the credit perspective.

Going forward, the company's ability to improve its working capital cycle, particularly by reducing the receivables cycle, and healthy recovery of advances given to the group company for the IT venture, which is likely to provide a cushion in meeting debt obligations in a timely manner and sustaining the profit metrics, will continue to remain the key rating sensitivities.

Company Profile

Savla Foods and Cold Storage Private Limited ('SFCSP') was incorporated in the year 1992 and the company is engaged in the business of running cold storage facilities. The company currently owns cold storage facility at Turbhe, Navi Mumbai with a total capacity of 3.25 million cubic feet (~27,500 MT) capable of handling temperatures ranging from +22°C to -20°C. The storage has advanced facilities such as repackaging, ripening and pre-cooling. The company is promoted by the Savla family and is closely held. The Savla family is the promoter of the Benzer group which apart from cold storage has presence also in retail, manufacturing, jewellery and real estate. The flagship company of the group is Benzer Departmental Stores Private Limited which runs the Benzer chain of retail stores.

Recent Results

In FY2015, SFCSP reported a profit before tax (PBT) of Rs 3.46 crore and a profit after tax (PAT) of Rs. 2.43 crore on an operating income of Rs. 24.44 crore. As per the FY 2016 audited results, SFCSP reported a profit before tax (PBT) of Rs 5.83 crore and a profit after tax (PAT) of Rs. 3.99 crore on an operating income of Rs. 25.77 crore.

October 2016

¹ 1 crore = 10 million = 100 lakh

² For complete rating scale and definitions, please refer to ICRA's Website (www.icra.in) or other ICRA Rating Publications.



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