

## Press Release

### Savvy Industries

July 06, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 8.64 Cr.
<b>Long Term Rating</b>	ACUITE BB / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs.8.64 crore bank facilities of Savvy Industries (SI). The outlook is '**Stable**'.

Savvy Industries (SI), a partnership firm based at Pune, was established in 2014 and commenced its commercial operations in September 2015. The firm is engaged in manufacturing of narrow woven elastics and fabrics used by industries and households. The firm has its manufacturing unit located at Sansawadi (Pune). The firm is led by Partners, Mr. Rajesh Jain, Mr. Gaurav Jain, Mr. Rishabh Jain and others. SI's operations are primarily managed by Mr. Gaurav Jain.

### Key Rating Drivers

#### Strengths

- **Experienced partners**

The partners have more than a decade of experience in trading and manufacturing of narrow woven elastics and fabrics through associations with other firms.

- **Geographically diversified revenue profile**

SI has geographically diversified revenue profile as it caters to customers across locations including Mumbai, Delhi, Ghaziabad, Noida, Ludhiana and Uttar Pradesh among others.

#### Weaknesses

- **Average financial risk profile**

The net worth of the firm stood at Rs.3.19 crore in FY2017 (including unsecured loans from promoters of Rs.1.31 crore) as compared to Rs.2.69 crore (including unsecured loans from promoters of Rs.1.35 crore) in FY2016. The debt equity ratio stood at 1.14 times in FY2017 which has improved from 1.30 times in FY2016. The Interest Coverage Ratio (ICR) stood comfortable at 2.68 times and 1.88 times in FY2016. The DSCR Ratio stood at 2.18 times in FY2017 and 1.88 times in FY2016.

- **Working capital intensive**

SI's operations are working capital intensive marked by high Gross Current Assets (GCA) of 191 days in FY2017 compared to 371 days in FY2016. The GCA days are mainly high due to high receivable days of 144 days in FY2017 and 260 days in FY2016. The average bank limit utilisation stood high at ~ 90 percent for the last six months ending March 2018.

- **Intense competition from large and established players**

SI is exposed to intense competition from organised and unorganised players operating in the similar industry, thus limiting its bargaining power.

## Analytical Approach

Acuité has considered the standalone financial and business risk profile of Savvy Industries to arrive at the rating.

## Outlook: Stable

Acuité believes that SI will maintain a 'Stable' outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher than expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of elongation in working capital requirements thereby increasing the pressure on the margins.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	8.45	2.50	0.00
EBITDA	Rs. Cr.	1.86	0.48	-0.01
PAT	Rs. Cr.	0.55	-0.69	0.00
EBITDA Margin	(%)	21.99	19.36	NA
PAT Margin	(%)	6.53	-27.57	NA
ROCE	(%)	19.15	-10.71	0.04
Total Debt/Tangible Net Worth	Times	1.14	1.30	0.00
PBDIT/Interest	Times	2.68	1.88	7.17
Total Debt/PBDIT	Times	1.95	7.06	0.00
Gross Current Assets (Days)	Days	191	371	NA

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

CRISIL in its rationale dated December 19, 2017 has stated 'CRISIL has been consistently following up with Savvy Industries (SI) for obtaining information through letters and emails dated September 14, 2017 and October 26, 2017 among others, apart from telephonic communication. However, the issuer has remained non cooperative.'

## Any other information

None

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://acuite.in/view-rating-criteria-20.htm>

## Rating History (Upto last three years)

Not Applicable

## \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.80	ACUITE BB / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.63	ACUITE BB / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	2.21	ACUITE BB / Stable (Assigned)

**Note on complexity levels of the rated instrument**  
<https://www.acuite.in/criteria-complexity-levels.htm>

## Contacts

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## About Acuité Ratings & Research:

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