



Press Release
SAVVY INDUSTRIES
June 25, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.64	ACUITE BB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	8.64	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

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

Rationale for rating

The rating reaffirmation takes into account the established position of the firm and extensive experience of the partners in the industry along with modest scale of operations. However, the rating is constrained due to moderate financial risk profile and working capital intensive nature of operations and susceptibility of profitability to volatility in raw material prices in a highly fragmented and competitive textile industry.

About the Company

Established in 2014, Savvy Industries (SI) is a partnership firm engaged in manufacturing of narrow woven elastics and fabrics used for industrial and households purpose. The firm has its manufacturing unit located at Sansawadi in Pune, Maharashtra and Uttar Pradesh (UP) with a capacity of 200000 meters/day and 60000 meters/day respectively. The partners are Mr Gaurav Jain, Mr Rishabh Jain, and Mrs. Anuradha Jain.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record of operations and experienced management

With commencement of operations from 2015, the firm has established a significant track record of operations in the industry. Further, the company has a constant focus of expansion as witnessed by the commencement of the new UP plant in FY2025 and plans of installation of additional machinery in both the plants over the near term. The partners of the firm also possess a decade long experience in the aforementioned industry which has eventually helped them to maintain healthy relationships with its customers and suppliers.

Modest scale of operations

The company has a modest scale of operations though the revenue increased by 25.16 per cent in FY25 (Provisionals) and stood at Rs.37.19 crore against Rs.29.72 crore in FY2024 and Rs.30.59 crore in FY2023. This growth is majorly on account of starting the additional unit in UP. Further, the EBITDA margin moderated to 11.54 per cent in FY2025 (Prov.) as against 12.07 per cent in FY2024 owing to increase in raw material cost. Further, the revenue for 2MFY2026 stands at Rs.6.37 crore (Rs.4.6 crore from Pune unit & Rs.1.77 crore from UP unit).

Acuite believes that the operating performance shall improve on the increasing demand and efficiency of operations.

Weaknesses

Moderate financial risk profile

The financial risk profile of the firm is moderate marked by low net worth, high gearing and moderate debt protection metrics. The tangible net worth of the firm stood low at Rs.6.56 crore in FY2025 (Prov.) as against Rs.4.33 crore in FY2024. While the debt levels increased marginally in FY2025, the improved networth led to improvement in gearing to 2.29 times in FY2025 (Prov.) as against 2.84 times in FY2024. Further, the debt protection metrics remained moderate with interest coverage ratio (ICR) of 2.82 times in FY2025 (Prov.) as against 2.76 times in FY2024 and debt service coverage ratio (DSCR) of 2.82 times in FY2025 (Prov.) as against 2.76 times in FY2024. Further the firm has planned for installing one additional machinery both in Pune and in UP at a total cost of Rs.1.50 crore in the near term. The funding for the same would be done through availing term loan of ~ 70 per cent and rest through internal accruals. Acuite believes, the financial risk profile would remain moderate on the back of low net worth base.

Working capital intensive operations

The operations of the firm are working capital intensive in nature marked by high Gross current asset (GCA) of 143 days in FY2025 (Prov.) as against 180 days in FY2024. This is mainly on account of high receivable days which stood at 64 days for FY2025 (Prov.) as against 59 days for FY2024. The inventory levels of the firm also stood moderate at 48 days in FY2025 (Prov.). Further, the creditor days of the firm stood low at 19 days for FY2025 (Prov.) as against 22 days for FY2024 leading to high reliance on working capital funding from lenders. The company has a working capital intensive nature of operations also led to high reliance on working capital funding from lenders. The average bank limit utilization by the firm is 99.08 per cent in last eight months ended March 2025. Acuite believes, the operations of the firm would remain working capital intensive on the back of elongated collections.

Susceptibility of profitability to volatility in raw material prices in a highly fragmented and competitive textile industry

Savvy Industries (SI) operates in a highly fragmented and commoditised industry which is characterised by intense competition due to several players in the organised and unorganised sector, which limits the pricing power of the players in the industry. Furthermore, the industry is characterised by having low bargaining power for smaller players limiting margins. Moreover, the profitability remained susceptible to volatility in raw material prices which constitute ~ 60 per cent in as per cent of total sales.

Rating Sensitivities

- Sustain improvement in revenue and profitability.
- Changes in financial risk profile
- Detrioration in working capital cycle.

Liquidity Position Adequate

The firm has generated net cash accruals (NCAs) of ~Rs.2.80 crore in FY2025 (Prov.) which was sufficient to repay the scheduled debt obligations during the year. Going forward, the NCAs are expected to remain in the range of Rs.2-3 crore for FY2026 and FY2027 with an annual repayment of Rs.0.33 crore during the same period. The current ratio of the company stood healthy at 1.72 times in FY2025 (Prov.) The firm also had a cash and bank balance of Rs.0.80 crore as on March 31, 2025 (Prov.) Moreover, the average bank limit utilization by the firm stood high at 99.08 per cent in last eight months ended March 2025 owing to the working capital intensive nature of the business.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	37.19	29.72
PAT	Rs. Cr.	1.51	2.24
PAT Margin	(%)	4.07	7.53
Total Debt/Tangible Net Worth	Times	2.29	2.84
PBDIT/Interest	Times	2.82	2.76

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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
27 Mar 2024	Cash Credit	Long Term	6.00	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.14	ACUITE BB- Stable (Reaffirmed)
02 Jan 2023	Cash Credit	Long Term	4.80	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.67	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	2.17	ACUITE BB- Stable (Upgraded from ACUITE B+)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.14	Simple	ACUITE BB- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	05 Oct 2023	Not avl. / Not appl.	07 Oct 2028	1.50	Simple	ACUITE BB- Stable Reaffirmed

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