



**Press Release**  
**SARAN GARMENTS**  
**September 26, 2025**  
**Rating Reaffirmed**

| Product                            | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating       |
|------------------------------------|------------------|------------------|-------------------------|
| Bank Loan Ratings                  | 21.00            | -                | ACUITE A4+   Reaffirmed |
| Total Outstanding Quantum (Rs. Cr) | 21.00            | -                | -                       |
| Total Withdrawn Quantum (Rs. Cr)   | 0.00             | -                | -                       |

**Rating Rationale**

Acuite has reaffirmed its short-term rating of "ACUITE A4+" (read as ACUITE A four Plus) on the Rs. 21.00 Crore bank facilities of Saran Garments (SG).

**Rationale for rating**

The rating takes into account the established track record of operations of the firm along with a longstanding relationship with reputed clientele namely Next Plc, Marks and Spencer, Basic Italia, etc. Further, the rating factors in the moderate financial risk profile of SG. The rating is however constrained by the firm's working capital intensive nature of operations and modest scale of operations, customer concentration risk and presence in the highly competitive industry. Ability of the firm to improve its scale of operations while maintaining profitability and to expand its customer base in order to mitigate the revenue concentration risk will remain a key rating sensitivity factor.

**About the Company**

Tirupur based Saran Garments was established in the year 1988 as a Proprietorship Concern. Mr. K K Chandrasekar is the proprietor of the Concern and Mr. K K Balasubramanian is the general Manager of the Concern. The Concern is engaged in the business of readymade garment. The manufacturing unit of the firm is located in Tirupur, Tamilnadu.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Saran Garments to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

Saran Garments is engaged in manufacturing and exporting of garments. It has an established operational track record of over three decades. Mr. K K Chandrasekar is the proprietor of the Concern and Mr. K K Balasubramanian is the general Manager with their combined experience of more than 3 decades. They are being supported by its team of experienced professionals in managing day to day operations of Saran Garments. The extensive experience of the promoters has enabled entity to establish a healthy relationship with its customers and suppliers. The firm is having a longstanding relationship with reputed clienteles namely Next Plc, Basic Italia, Marks and Spencer, etc. Further, the firm has an outstanding order book position of Rs 39.86 Cr. as on date from these clienteles only. Acuite believes that firm may continue to benefit from its experienced management and established track record of operations along with reputed clientele.

**Improvement in scale of operations**

The revenue from operations shows improvement by 20.54% in FY 25 (prov.) thereby increase the top line from Rs. 75.73 Cr. in FY24 to Rs. 91.28 Cr. in FY25. The improvement in the revenue is mainly due to the increase in the volume sales. Further, the margins of the firm stood at 3.84% in FY25 (prov.) against 4.69% in FY24. The decrease in the operating margin due to increase in the operation cost. However, the PAT margins of the firm saw

stability and stood at 1.74% in FY25 (prov.) against 1.75% in FY24. Firm has achieved the revenue of Rs. 39.77 Cr. in 4MFY26. Acuité believes that going forward the performance of the firm is expected to remain steady over

the medium term.

### **Moderate Financial Risk Profile**

The firm has moderate financial risk profile marked by the Total Tangible net worth stood at Rs. 35.16 Cr. as on 31st March 2025 (prov.) against Rs. 30.85 Cr. as on 31st March 2024. The total debt outstanding of the firm is Rs. 29.86 crore as on 31 March, 2025 (prov.). Debt to Equity ratio stood same at 0.85 times in FY25 (prov.) as against 0.85 times in FY24. Interest coverage ratio stood at 1.89 times for FY25 (prov.) as against 1.76 times in FY24. Debt Service coverage ratio stood at 1.55 times for FY25 (prov.) as against 1.31 times in FY24. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.03 times as on March 31, 2025 (prov.) as against 1.02 times as on March 31, 2024. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.08 times as on March 31, 2025 (prov.) as against 0.07 times as on March 31, 2024. Acuite believes that financial risk profile of the firm is expected to improve in near to medium term in the absence of any debt funded capex plan.

### **Weaknesses**

#### **Intensive Working capital operations**

The working capital operations of the firm is intensive as reflected by gross current asset days of 148 days in FY25 (prov.) against 136 days in FY24. The GCA days increased on an account of the inventory days of the firm stood at 69 days as on 31st March 2025 (prov.) as compared to 38 days as on 31st March 2024. Debtor days stood at 23 days in FY25 (prov.) against 19 days in FY24 and creditors days of the firm stood at 59 days in FY25 (prov.) against 46 days in FY24. Acuite believes that working capital operations of the firm expected to remain in the same range due to the nature of the business.

#### **Customer concentration risk**

Saran Garments has susceptible to customer concentration risk as ~66 percent of the firm's products are exported to MARKS AND SPENCER in United Kingdom. This makes the firm highly susceptible to business risk profile of its top clients. Acuite believes that the ability of the entity to expand its customer base in order to mitigate the revenue concentration risk will be a key rating sensitivity factor.

#### **Highly competitive industry and susceptibility of margins to volatility in raw material prices**

The garment industry is a highly fragmented industry and presence of large number of organised and unorganised players has created high competition in the industry. Entity faces competition from large players as well as numerous players in the unorganised segment. Further, operating and profitability margins are expected to remain susceptible to fluctuations in the raw material prices.

### **Rating Sensitivities**

- Movement in scale of operations and profitability
- Movement in working capital operations.
- Ability to expand its customer base in order to mitigate the customer concentration risk.

### **Liquidity Position**

#### **Adequate**

The firm has adequate liquidity position marked by net cash accruals of Rs. 2.27 Cr. in FY 25 (prov.) against the debt obligation of Rs. 0.55 Cr. for the same period. The firm has cash & bank position of Rs. 0.31 Cr. and current ratio stood at 1.92 times for FY 25 (prov.). The average fund based bank limit utilization remained at 79.15% for the 6 months' period ending June 2025. Acuite believes that liquidity profile of the firm is expected to improve in near to medium term in the absence of any major repayment obligations as the firm is not planning to take any additional debt in near to medium term.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income              | Rs. Cr. | 91.28               | 75.73          |
| PAT                           | Rs. Cr. | 1.59                | 1.33           |
| PAT Margin                    | (%)     | 1.74                | 1.75           |
| Total Debt/Tangible Net Worth | Times   | 0.85                | 0.85           |
| PBDIT/Interest                | Times   | 1.89                | 1.76           |

**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](http://www.acuite.in).

### Rating History

| Date        | Name of Instruments/Facilities | Term       | Amount (Rs. Cr) | Rating/Outlook          |
|-------------|--------------------------------|------------|-----------------|-------------------------|
| 04 Jul 2024 | PC/PCFC                        | Short Term | 21.00           | ACUITE A4+ (Reaffirmed) |
| 10 Apr 2023 | PC/PCFC                        | Short Term | 21.00           | ACUITE A4+ (Assigned)   |

**Annexure - Details of instruments rated**

| <b>Lender's Name</b> | <b>ISIN</b>          | <b>Facilities</b> | <b>Date Of Issuance</b> | <b>Coupon Rate</b>   | <b>Maturity Date</b> | <b>Quantum (Rs. Cr.)</b> | <b>Complexity Level</b> | <b>Rating</b>           |
|----------------------|----------------------|-------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|-------------------------|
| Canara Bank          | Not avl. / Not appl. | PC/PCFC           | Not avl. / Not appl.    | Not avl. / Not appl. | Not avl. / Not appl. | 21.00                    | Simple                  | ACUITE A4+   Reaffirmed |

## Contacts

|                                                          |                                                                                                               |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Mohit Jain<br>Chief Analytical Officer-Rating Operations | <b>Contact details exclusively for investors and lenders</b>                                                  |
| Siddharth Garg<br>Associate Analyst-Rating Operations    | Mob: +91 8591310146<br>Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a> |

### About Acuité Ratings & Research

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