Press Release

SAWARIYA FUTUREWORKS LIMITED
July 02, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	276.00	ACUITE BBB | Stable | Assigned	-
Total Outstanding Quantum (Rs. Cr)	276.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of **'ACUITE BBB' (read as ACUITE triple B**o)n the Rs. 276.00 Cr. bank facilities of Sawariya Futureworks Limited (SFL). The outlook is **'Stable**.'

Rationale for rating
The rating assigned considers the strong growth in the trading and distribution scale of operations of the company over the past two years at healthy operating margins, primarily driven by the increasing sales volumes and expanding brand portfolio. The rating also draws comfort from the SFL's experienced management. However, the rating is constrained on account of the average financial risk profile with low net worth, working capital intensive operations and forex hedging risk.

About the Company

Incorporated in 2020, Mumbai based, Sawariya Futureworks Limited, is engaged as an trader and distributor of FMCG (fast moving consumer goods) products. The company is an exclusive product distributor of Unilever Asia Private Limited in India. Further, the company is also a distributor of various other reputed brands like Hindustan Unilever (HUL), Proctor & Gamble (P&G), Reckitt Benckiser, Colgate, etc. The company has its warehouses spreads across Chennai, Assam, Bangalore, Mumbai, Delhi, Indore, Jalgaon, Kolkata, Ahmedabad, Lucknow, Hyderabad and Patna, from where the goods are shipped all over the country. The operations of the company are managed by Mr. Raman Agarwal, Managing Director.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Sawariya Futureworks Limited (SFL) to arrive at the rating. Further, the rating also factors in the ongoing merger of Sawariya Consumers Care Private Limited with SFL which is currently pending for approvals.

Key Rating Drivers

Strengths

Extensive experience of the promoters
The promoters of SFL have an experience of more than three decades in the distribution industry. This business of trading and distribution was started by Mr Rajiv Agarwal in 1993 through a sole proprietorship firm engaged as a

distributor of Hindustan Unilever (HUL) products in North Maharashtra. Further, from 2009, the business was expanded by Mr Raman Agarwal (second generation) who onboarded new brands such as Godrej, P&G, etc. to the portfolio. Therefore, the experience of the promoters has helped SFL to establish its presence PAN India.

Exclusive distribution agreement and established relationship with reputed brands
SFL acts as the sole distributor of Unilever Asia in India which provides a competitive edge against other players.

Further, SFL also has tie ups with various reputed domestic manufacturers such as HUL, P&G, Godrej, Colgate, Reckitt Benckiser, etc. Nearly 40% of the procurement is through imports and ~70 - 80 % of the supply is in domestic markets. Further, on the supply side the company has long term agreements of 5-10 years with these brands which gives a healthy visibility on uninterrupted supplies. Going forward, the company plans to further diversify their portfolio through addition of new brands.

Growing scale of operations
The revenue of the company has grown at a strong pace to Rs. 962.79 Cr. in FY2025 (Prov.) from Rs. 431.78 Cr. in FY2024 and Rs. 252.42 Cr. in FY2023. This is mainly attributable to increasing sales volume and onboarding of new brands. The company derives majority of its revenue from the sale of 'Unilever' products. Moreover, the EBITDA margin though moderated in FY2025 (Prov.) at 4.33 percent as against 6.74 percent in FY2024 (6.82 percent in FY2023) continues to remain healthy considering trading nature of business. This moderation in FY2025 was mainly due to increase in rental costs of four new warehouses and rise in dollar rates which impacted the landed cost of products. However, the company has now implemented strategies and negotiated terms with its suppliers which is expected to safeguard its margins in the range of 5-6% going forward.

Weaknesses

Average Financial Risk Profile
The financial risk profile of SFL is average with low networth, high gearing and average debt protection metrics. While the networth of the company grew from Rs. 37.24 Cr. as March 31, 2024 to Rs. 55.19 Cr. as on March 31, 2025 (Prov.) owing to profit accretion, the increasing working capital requirements keeps the gearing high at 4.27 times on March 31, 2025 (Prov.) (3.69 times on March 31, 2024). Further, the increase in the debt levels has also led to deterioration in the Debt-EBITDA which stood at 5.56 times on March 31, 2025 (Prov.) as against 4.63 times on March 31, 2024. Moreover, the company is planning a purchase a new office in FY2026 at total cost is ~Rs. 42.00 Cr. to be funded through long term debt of ~Rs. 34.00 Cr. and internal accruals of ~Rs. 8.00 Cr. Also, considering the growing scale of operations, the company proposes to enhance its working capital limits by ~Rs 50 Cr. in the near term.
Therefore, the financial risk profile of SFL is expected to remain on similar levels in the medium term.

Moderately intensive working capital operations
The operations of SFL are moderately working capital intensive, as evident from gross current assets (GCA) of 107 days on March 31, 2025 (Prov.) as against 153 days on March 31, 2024. The GCA days are mainly driven by reduced but high inventory days which stood at 74 days as on March 31, 2025(Prov.) (122 days as on March 31, 2024) as the company is required to maintain adequate stock of inventory. The company provides an average credit period of 30 days to its customers. On the other hand, majority of the purchases are done on an advance basis which leads to high reliance on working capital limits to make payments to the suppliers. Therefore, the average bank limit utilization stood high at 98.83 percent for the last eight months ended May 2025.

Inherent limitations of trading & distribution business and forex exposure risk
The trading & distribution of FMCG products are significantly dependent on market and consumer behaviour, supply chain dynamics, reputation of the brands, changes in any trade policies, etc. Any downside on these parameters may affect the performance the company. Further, while imports are higher than the exports, SFL does not have any hedging policy in place. Therefore, any unforeseen fluctuations in forex can impact the profitability of the company. However, to mitigate this risk, SFL has incorporated a currency adjustment clause into its purchase agreements.

Rating Sensitivities

- Continued growth in scale of operations while maintaining profitability margins
- Further elongation in the working capital cycle leading to stretch in the liquidity position.
- Significant increase in debt levels affecting the financial risk profile.

Liquidity Position
Adequate

The adequate liquidity position of SFL is supported by generation of sufficient net cash accruals (NCA) of Rs. 18.41 Cr. against no repayment obligations in FY2025 (Prov.) since company has working capital limits only. Going forward, the company is expected to generate NCAs in the range of Rs. 23 – 27 Cr. in FY2026 and FY2027 with repayments in the range of Rs. 2 -3 Cr. for the same period. Further, the current ratio stood moderate at 1.25 times on March 31, 2025 (Prov.). The company also had an unencumbered cash and bank balance of Rs. 0.71 Cr. on March 31, 2025 (Prov.). However, the bank limits stood almost fully utilized at 98.83 percent for the last eight months ended May 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	962.79	431.78
PAT	Rs. Cr.	17.87	14.41
PAT Margin	(%)	1.86	3.34
Total Debt/Tangible Net Worth	Times	4.27	3.69
PBDIT/Interest	Times	2.35	2.94

Status of non-cooperation with previous CRA (if applicable)
None

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. Acuite'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 :
Not Applicable

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.	61.00	Simple	ACUITE BBB | Stable | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.40	Simple	ACUITE BBB | Stable | Assigned
Standard Chartered Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB | Stable | Assigned
DBS Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.60	Simple	ACUITE BBB | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BBB | Stable | Assigned

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