



Press Release
SARA SUOLE PRIVATE LIMITED
August 22, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	87.84	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	72.16	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	160.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple B**) and short term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.160.00 Cr. bank facilities of Sara Suole Private Limited (SSPL). The outlook is ‘**Stable**’.

Rationale for rating assigned

The rating assigned factors in the established track record of SSPL in the shoe manufacturing business along with the improving operating performance. The rating also factors in the moderate financial risk profile marked with a moderate gearing levels. However, the rating continues to remain constrained on account of intensive working capital operations of the company driven by high inventory holding period. The company also remains prone to customer concentration risk as more than 60% of the revenue comes from one single brand. Further, the rating also factors in the presence of the company in highly competitive industry with presence of many established as well as unorganized players in the market.

About the Company

Incorporated in April 2001, SSPL is into the manufacturing of footwear soles and shoes. The company currently has two manufacturing facilities one in Bangalore (sole) and other in Ambur, Tamil Nadu (shoe) with an installed capacity of 36 lakh sole pairs & 18 lakh shoe pair annually. The company majorly manufacturer/supplies shoes to well-known international brands like Clark, Gant and Florsheim etc. Besides this it also sells shoes in the market under its own brand name “Ruosh”. The current directors of the company are Mr. Kayum Razak Dhanani and Mr. Pavet Amin Girishbhai.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of SSPL to arrive at the rating

Key Rating Drivers

Strengths

Established track record of operations

SSPL has an established track record of over two decades in the shoes manufacturing industry, specializing in the premium footwear with a dominant presence in the export market (~70% of sales in FY25). Further the company also sells soles and shoes in the domestic markets. The company is presently led by Mr. Kayum Dhanani, who has been actively involved in its day-to-day operations since its inception, which has also led to the SSPL’s association with the well-known international brands like Clark, Gant and Florsheim over the years.

The company reported an operating income of Rs.266.25 crore in FY25 (Prov.) as against Rs.229.86 crore in FY24. The increase in the operating income in FY25 is on back increase in the volumes driven by demand growth along with a better price realization. Further, the company also witnessed an increase in the operating margins to 15.07 percent in FY25 (Prov.) as against 10.51 percent in FY24 on back of decrease in employee cost due to partial outsourcing of labour work. Furthermore, the company has recorded profits of Rs.10.26 crore in FY25 (Prov.) as against losses in the previous year.

Moderate financial risk profile

The financial risk profile of the company remained moderate, marked by a moderate net worth, gearing and debt protection metrics. The net worth of the company stood at Rs.96.37 crore as on March 31, 2025 (Prov.) as against Rs.85.94 crore as on March 31, 2024 and Rs.29.41 crore in FY23. While the net-worth in FY25 has increased due to accretion of profits to reserves, the increment in FY24 was on account of conversion of unsecured loans to equity and fresh equity infusion. The company's gearing ratio stood at 1.33 times as of March 31, 2025 (Prov.) as against 1.57 times as of March 31, 2024. The TOL/TNW stood at 1.65 times as on March 31, 2025 (Prov.) as against 1.93 times as on March 31, 2024. The debt protection metrics remained comfortable with debt service coverage ratio (DSCR) and interest coverage ratio standing at 1.24 times and 1.75 times respectively as on 31st March 2025 (Prov.).

Acuite expects the financial risk profile of the company to improve further on back of increasing accruals and absence of any large debt funded capex plans for the company.

Weaknesses

Intensive working capital operations

The company's working capital operations remain intensive, as indicated by gross current assets (GCA) days of 285 days in FY25(Prov.), down from 314 days in FY2024. The GCA days were primarily marked higher on account of maintenance of high inventory days (207 days in FY25, 222 days in FY24) considering the nature of business. Further, the debtor's days of the company remain in the range of 90-100 days. However, the creditor days for the company is elongated due to presence of some aged supplier dues, improved to 189 days in FY25(Prov.) as against 239 days in FY24 owing to clearance of these dues. Therefore, the average bank limit utilization for the company also stands high at 94% for the last 5 months ended May 2025.

Acuite believes that working capital operations of the company may continue to remain intensive considering the nature of operations.

Customer concentration along with presence in competitive industry

The company's revenue is largely derived from one brand —Clark's, accounting for 62% of FY25 revenue which acts as a major customer concentration risk for the company. Further the industry in which the company operates is highly competitive with many established international as well domestic players. Furthermore, it also faces risk from many unorganized players in the domestic markets. Therefore, to mitigate this to some extent company needs to continuously strive for providing better quality & diversified products to existing as well as new customers.

Rating Sensitivities

- Significant improvement in operating income along with stable margins
- Timely enhancing the working capital limits leading to improvement in the liquidity
- Reduction in customer concentration risk
- Continued maintenance of the current financial risk profile

Liquidity Position

Stretched

The liquidity position of the company is currently marked stretched on account of high utilization of its working capital limits to 94% for last 5 months ended May 2025. The current ratio of the company also stood low at 0.97 times as on March 31, 2025 (Prov.). The company had low cash and bank balance of Rs.0.28 crore as on March 31, 2025 (Prov.). However, the company in the current year is further looking for enhancement in working capital limits or infusion of funds in near term to ease the liquidity. Moreover, the company generated sufficient net cash accruals (NCA) of Rs.15.10 crore in FY25 (Prov.) to repay the debt obligations of Rs. 8.36 crore. Further the company is estimated to generated sufficient net cash accruals in FY26 to pay off the remaining debt obligations in the current year as per the schedule.

Outlook - Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	266.25	229.86
PAT	Rs. Cr.	10.26	(3.75)
PAT Margin	(%)	3.85	(1.63)
Total Debt/Tangible Net Worth	Times	1.33	1.57
PBDIT/Interest	Times	1.75	1.08

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>
- 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 :

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
RBL Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.45	Simple	ACUITE BBB Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.54	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.85	Simple	ACUITE BBB Stable Assigned
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.84	Simple	ACUITE A3+ Assigned
Bank of Baroda	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.59	Simple	ACUITE A3+ Assigned
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.73	Simple	ACUITE A3+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.27	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	27 Jun 2022	Not avl. / Not appl.	31 Dec 2025	0.59	Simple	ACUITE BBB Stable Assigned
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	16 May 2022	Not avl. / Not appl.	31 Dec 2025	2.54	Simple	ACUITE BBB Stable Assigned
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	20 Jun 2022	Not avl. / Not appl.	31 Dec 2025	0.96	Simple	ACUITE BBB Stable Assigned
RBL Bank	Not avl. / Not appl.	Working Capital Term Loan	23 Jun 2022	Not avl. / Not appl.	31 Dec 2025	0.34	Simple	ACUITE BBB Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Working Capital Term Loan	21 Jun 2022	Not avl. / Not appl.	31 Dec 2025	0.70	Simple	ACUITE BBB Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Term Loan	05 Jul 2022	Not avl. / Not appl.	31 Dec 2025	0.60	Simple	ACUITE BBB Stable Assigned

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About Acuité Ratings & Research

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