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Saravana Selvarathnam Retail Private Limited

February 12, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	80.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	Simple
Total	**80.00 (Rupees Eighty Crore only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade of the ratings by Infomerics Ratings to the bank facilities of Saravana Selvarathnam Retail Private Limited (SSRPL) reflects company's steady revenue growth, supported by sustained strong customer footfalls, a cash-and-carry retail model ensuring healthy revenue quality, and a material reduction in total debt, including the full repayment of term loans and rationalisation of working capital limits. The rating upgrade is further underpinned by the strengthening of the capital structure, marked by improved leverage indicators and accretion to net worth. The ratings continue to draw comfort from the company's established brand presence, long operating track record, experienced promoter group, and strong market positioning in the Chennai retail market.

However, the rating remains constrained by moderate and volatile operating profitability, driven by the inventory-intensive nature of operations and competitive pricing pressures, working capital-intensive business profile, moderate debt coverage indicators, and exposure to intense competition coupled with geographical concentration risk, given the company's operations being largely limited to the Chennai market.

The outlook is Stable after considering the extensive experience of the promoters, the ramp up of sales from retail business and continues demand from domestic market giving revenue visibility with excepted improvement in profitability due to reduction in total debt levels.

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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in total operating income and EBITDA margins leading to improvement in debt protection metrics & capital structure.

Downward Factors

- Any decline in total operating income and/or EBITDA margins or elongation in the working cycle which impacts liquidity indicator.
- Any debt led capex leading to reduction of TOL/TNW above 1x on a sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established Brand, promoter experience, and strong market position

SSRPL forms part of the Saravana Group, a well-established family-owned enterprise with over four decades of experience in the retail business. The promoters possess deep industry knowledge and a strong reputation in the Tamil Nadu retail market, supported by long-standing relationships with suppliers and customers. Operating under the widely recognized “Saravana Selvarathnam Stores” brand, the company enjoys strong recall in Chennai and surrounding regions, particularly among the low- and middle-income customer segments.

The company operates three retail stores located in the prime, high-footfall T. Nagar locality, all from promoter owned premises, providing long-term operational stability and asset backing. Further, the company’s diversified product portfolio spanning Jewellery, textiles and readymade garments, footwear and cosmetics, household articles, electronic goods, groceries and daily consumables enables it to offer a one-stop shopping experience, supporting steady footfalls and resilience against demand fluctuations through competitive pricing, regular discounts, and promotional schemes.

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Steady revenue growth supported by strong footfalls and cash-based retail model

The company reported 10.07% growth in total operating income in FY25 (refers to the period of April 01, 2024, to March 31, 2025), with revenues increasing to Rs 459.21 crore from Rs 417.19 crore in FY24 (refers to the period of April 01, 2023, to March 31, 2024), translating into a ~15% CAGR over FY23-FY25. This sustained topline growth was driven by strong customer footfalls at existing stores, festive-led demand, and price-led growth in the jewellery segment amid elevated gold prices, which offset marginal moderation in jewellery volumes. Further, the company follows a cash-and-carry retail model, resulting in negligible receivables, strong revenue quality, and healthy liquidity, which supports operational stability.

In 9M FY26 the company has reported the revenue of Rs 365.75 crore Historically, it books higher sales in the last quarter (Q4 – January to March), driven by the festive season and peak wedding demand.

Improved capital structure and comfortable leverage profile

The company's capital structure strengthened in FY25, with overall gearing improving to 0.34x as on March 31, 2025, from 0.95x as on March 31, 2024. The improvement was driven by a reduction in total debt during the year to Rs 71.44 crore in FY25 from Rs 163.29 in FY24 and a significant accretion to tangible net worth, which increased to Rs 212.76 crore in FY25 from Rs 171.87 crore in FY24. The increase in net worth was primarily on account of profit accretion during the year, including one-time exceptional income from the sale of the Coimbatore property, which also strengthened the net worth base. Consequently, leverage-related ratios that are computed on net worth improved materially. The long-term debt-equity ratio declined to a negligible 0.01x in FY25 from 0.20x in FY24, reflecting minimal reliance on long-term borrowings, while TOL/ATNW improved to 0.53x from 1.08x, indicating lower leverage. Going forward, debt levels are expected to remain stable at around Rs 80 crore through FY26-FY28, as the company does not envisage any major debt-funded capex and funding requirements are expected to be largely limited to working capital, supporting sustained comfortable leverage.

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Key Rating Weaknesses

Moderate and volatile operating profitability

The company's operating profitability remains moderate and volatile, with EBITDA margins declining from 6.49% in FY24 to 3.76% in FY25. EBITDA reduced to Rs 17.26 crore in FY25 from Rs 27.07 crore in FY24, mainly due to higher inventory build-up during the year and one-time expenses incurred towards the closure of the Coimbatore showroom, along with competitive pricing pressures inherent in the retail segment. The inventory-intensive nature of operations continues to weigh on margins, making profitability sensitive to cost movements and operational adjustments, despite the promoter's ability to partially offset pressures through bulk procurement and operating cost optimisation.

Working capital-intensive business profile

The company's operations are inherently working-capital intensive, typical of large-format retail, as it requires maintaining wide product assortments and elevated inventory levels to support footfalls and seasonal demand. Inventory is generally held for up to six months or more, resulting in a relatively elongated operating cycle, which stood at 181 days in FY24 and, despite moderating to 154 days in FY25, remains high. While the reduction in FY25 was supported by lower inventory holding (177 days from 217 days in FY24), aided by improved stock churn and inventory liquidation following the closure of the Coimbatore showroom, the operating cycle continues to be structurally elevated due to the nature of the business.

Moderate debt coverage indicators

The company's debt coverage metrics remain moderate, with the interest coverage ratio improving marginally to 1.40x in FY25 from 1.23x in FY24. Although interest costs were reduced following repayment of bank borrowings and promoter loans, the benefit was partly offset by lower EBITDA in FY25, impacted by higher inventory build-up and one-time expenses related to the closure of the Coimbatore showroom, which constrained operating cash generation. Consequently, debt coverage indicators remained subdued during the year, despite balance-sheet deleveraging. However, these metrics are expected to improve materially over the medium term, supported by projected recovery in operating profitability,

stabilization of inventory levels, lower finance costs, and absence of major principal repayment obligations.

Intense competition and geographic concentration risk

The company operates its retail stores in high-street locations in Chennai, which are characterized by the presence of numerous organized and unorganized retail players offering similar product categories. As a result, the company faces intense competition in terms of pricing, product assortment, and customer offers, leading to sustained pricing pressure and margin sensitivity, particularly in value-driven segments. Further, the company's geographic concentration in Chennai exposes it to location-specific demand, regulatory, and competitive risks, limiting diversification benefits and making operating performance susceptible to local market dynamics.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Trading Companies
Financial Ratios & Interpretation (Financial Sector/Non-Financial Sector).
Criteria on assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

SSRPL's liquidity position is adequate, supported by a comfortable current ratio of 2.41x as on March 31, 2025, improving from 1.64x as on March 31, 2024. Gross cash accruals moderated to Rs 0.38 crore in FY25 (FY24: Rs 3.95 crore), primarily due to higher tax outgo and exclusion of exceptional income, which constrained internal cash generation during the year. Nevertheless, liquidity is supported by cash and bank balances of Rs 2.31 crore as on March 31, 2025, and the company's cash-and-carry retail model, which results in negligible receivables and steady operating cash inflows. The average utilisation of working capital limits remained moderate at around 81% during the 12 months ended September 2025, providing reasonable liquidity headroom. Further, absence of major term-debt repayment obligations

and expectation of improved operating cash flows support the company's liquidity profile going forward.

About the Company

Saravana Selvarathnam Retail Private Limited (SSRPL), incorporated in 2005 and headquartered in Chennai, Tamil Nadu. The company operates three large-format retail showrooms all situated in the high-footfall T. Nagar commercial hub of Chennai. SSRPL is engaged in the retail trading of a diversified product portfolio, including Jewellery, textiles and readymade garments, footwear and cosmetics, household articles, electronic goods, groceries and daily consumables.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	417.19	459.21
EBITDA	27.07	17.26
PAT	2.83	40.80
Total Debt	163.29	71.44
Tangible Net Worth	171.87	212.76
EBITDA Margin (%)	6.49	3.76
PAT Margin (%)	0.68	8.88
Overall Gearing Ratio (x)	0.95	0.34
Interest Coverage (x)	1.23	1.40

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					November 13, 2024	September 14, 2023	June 16, 2022
1.	Cash Credit	Long Term	80.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+; Issuer not cooperating
2.	Term Loan (GECL)	Long Term	-	-	Withdrawn	IVR BBB-/ Stable	IVR BB+; Issuer not cooperating

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About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	Revolving	80.00	IVR BBB/Stable

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/len_saravanasel_feb26_20307aeb64.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.