

Press Release

Stuti Pipes Private Limited

March 31, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 15.22 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 15.22 crore bank facilities of Stuti Pipes Private Limited.

The rating is being withdrawn on account of request received from the company and NOC received from the banker as per Acuite's policy.

About the company

Stuti Pipes Private Limited (SPPL) was incorporated in 2011 by Mr. Suresh Kumar Sharma (CMD), Mr. Sushil Kumar Sharma and Mr. Somesh Sharma (Director). The company is engaged in the manufacture of unplasticised Polyvinyl Chloride (uPVC) pipes at Baroda, Gujarat and has an installed capacity of around 12,000 mtpa. The pipes are used for irrigation, drainage and sewage, water distribution, among others.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the SPPL to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management**

The promoters, Mr. Suresh Kumar Sharma (CMD), Mr. Sushil Kumar Sharma and Mr. Somesh Sharma, possess more two decades of experience in the said line of business.

Weaknesses

- Modest scale of operations**

The operations of the company are moderate despite the company being in the line of business for more than three decades. The revenue stood at Rs.24.73 crore for FY2020 as compared to Rs.36.68 crore for FY2019

- Working capital intensive nature of operations**

SPPL has working capital intensive operations marked by high working capital days of 234 days in FY2020 as against 131 days in FY2019 mainly on account of high inventory holding period of 213 days in FY2020 and 119 days in FY2019. The debtor days stood at 139 in FY2020 compared to 86 in FY2019. The GCA days have been high at 366 days in FY2020 as against 217 days in FY2019.

Rating Sensitivity

- Not Applicable

Material Covenants

None

Liquidity position: Moderate

The company has moderate liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs. 0.56 crore for FY2020 as against Rs. 0.41 crore of repayment obligations for the same period. The company has unencumbered cash and bank balances of only Rs. 0.26 crore as on 31st March 2020. Acuite believes that the liquidity of the company is likely to remain moderate over the medium term on account of moderate cash accrual against no major debt repayments over the medium term

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20(Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	24.73	36.68
PAT	Rs. Cr.	0.01	0.13
PAT Margin	(%)	0.05	0.35
Total Debt/Tangible Net Worth	Times	3.74	3.26
PBDIT/Interest	Times	1.31	1.57

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>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
7-Jan-20	Cash Credit	Long term	14.00	ACUITE B+/Stable (Reaffirmed)
	Term Loan	Long term	2.72	ACUITE B+ (Withdrawn)
	Proposed Bank Facility	Short term	1.22	ACUITE A4 (Reaffirmed)
14-Jan-19	Cash Credit	Long term	11.00	ACUITE B+ (Issuer not co-operating)
	Term Loan	Long term	2.72	ACUITE B+ (Issuer not co-operating)
	Proposed Short Term Loan	Short term	1.50	ACUITE A4 (Issuer not co-operating)
08-Nov-17	Cash Credit	Long term	11.00	ACUITE B+/Stable (Reaffirmed)
	Term Loan	Long term	2.72	ACUITE B+/Stable (Reaffirmed)
	Proposed Short Term Loan	Short term	1.50	ACUITE A4 (Reaffirmed)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.22	ACUITE A4 (Withdrawn)

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Rohan Gambhir Rating Analyst - Rating Operations Tel: 011-49731313 rohan.gambhir@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.