



**Press Release**  
**Savera Pipes Private Limited**  
**December 12, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	18.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs 18.00 Cr bank facilities of SAVERA PIPES PRIVATE LIMITED (SPPL). The outlook is '**Stable**'.

**Rationale for reaffirmation :**

The rating takes into account the stable operating income, EBITDA margin and moderate financial risk profile of SPPL. The operating income of company has been stable over last two years ended FY2023. The Company's revenue stood at Rs.99.20 Cr in FY2023 as against Rs. 102.97 Cr in FY2022. The operating margins stood at 7.29 percent in FY2023 as against 7.51 percent in FY2022. The financial risk profile of the company continues to be moderate with comfortable debt protection metrics and low gearing. The overall gearing of the Company stood at 0.90 times as on March 31, 2023 as against 1.10 times as on March 31, 2022. The interest coverage ratio stood at 3.44 times in FY2023 as against 3.74 times in FY2022.

The rating is, albeit, constrained by its working capital-intensive nature of operations and highly fragmented and competitive nature of industry.

**About the Company**

Hyderabad based, Savera Pipes Private Limited (SPPL) was incorporated in 1996. The directors of the company are Mr. Vinod Kumar Giria (Managing Director) and Mr. Vineet Kumar Giria (Director). It is engaged in the manufacturing of PVC Pipes such as PVC Tubing, Suction Hose, Braided Hose, Krishi Hose, Corrugated Hose, Steel Reinforced PVC Pipes, Duct Hose, PVC Rigid Pipes amongst others

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

- **Established track record of operations and experienced management**

SPPL was incorporated in 1996. The directors of the company are Mr. Vinod Kumar Giria

(Managing Director) and Mr. Vineet Kumar Gira, who have an experience of over two decades in the same line of business. The long track record of operations

and experience of management has helped the company develop healthy relationships with its customers and suppliers. Acuité believes that the company will continue to benefit from its established track record of operations and experienced management.

- **Moderate financial risk profile**

SPPL's financial risk profile is moderate, marked by moderate net worth, low gearing and comfortable debt protection metrics. The net worth of SPPL stood at around Rs. 23.25 Cr as on March 31, 2023 as against Rs.20.23 Cr as on March 31, 2022. The gearing of the company stood at 0.90 times as on March 31, 2023 as against 1.10 times as on March 31, 2022. TOL/TNW stood at 1.35 times and 1.48 times as on March 31, 2023 and 2022 respectively. The debt protection metrics was moderate as observed Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) stood at 3.44 times and 2.39 times as on March 31, 2022 as against 3.74 times and 2.60 times as on March 31, 2022 respectively. Acuite believes that the financial risk profile is expected to be at similar levels over the medium term.

## **Weaknesses**

- **Working capital intensive operations**

Working capital operations of the company are intensive in nature marked by high GCA days at 158 days as on March 31, 2022 as against 136 days as on March 31, 2021. Inventory days stood at 78 days as on March 31, 2023 as against 68 days as on March 31, 2022. Subsequently, the payable period stood at 37 days as on March 31, 2023 as against 23 days as on March 31, 2022 respectively. The debtor day stood at 62 days as on March 31, 2022(Prov.) as against 59 days as on March 31, 2021. Further, the average bank limit utilization in the last seven months ended September 23 remained at and 93 percent for fund-based limits.

- **Highly fragmented and competitive nature of industry**

SPPL operates in a highly fragmented pipe fitting industry with a large number of players in the organised and unorganised sector limiting the bargaining power with customers.

## **Rating Sensitivities**

- Significant Improvement in revenue and profitability margins.
- Any elongation of the working capital cycle leading to deterioration in debt protection metrics and liquidity profile

## **All Covenants**

None

## **Liquidity Position: Adequate**

The company has generated adequate net cash accruals to service its debt obligations. The net cash accruals stood at Rs.4.14 Cr in FY2023 as against the repayment of Rs.0.50 Cr for the same period and expected to generate cash accruals in the range of Rs.5-7 Cr. against CPLTD of Rs.0.50-0.65 Cr. over the medium term. Unencumbered cash and bank balances stood at Rs. 0.32 Cr as on March 31, 2023. The current ratio of the company stood at 1.54 times as on March 31, 2023. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of working capital-intensive nature of operations.

## **Outlook: Stable**

Acuité believes that the company will continue to maintain a 'Stable' outlook over near to medium term owing to its established market position and experienced management. The outlook may be revised to 'Positive' in case the company achieves higher than expected

growth in revenues and improvement in profitability, working capital management and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of a significant decline in revenues and operating profit margins, or deterioration in the capital structure and liquidity position on account of higher-than-expected working capital requirements

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	99.20	102.97
PAT	Rs. Cr.	3.02	3.17
PAT Margin	(%)	3.05	3.08
Total Debt/Tangible Net Worth	Times	0.90	1.10
PBDIT/Interest	Times	3.44	3.74

### 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>
- Entities In Manufacturing Sector:- <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, Acuite 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Sep 2022	Cash Credit	Long Term	2.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	16.00	ACUITE BBB-   Stable (Reaffirmed)
27 Aug 2021	Cash Credit	Long Term	16.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
27 May 2020	Cash Credit	Long Term	12.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
CITI Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE BBB-   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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