Press Release
SAVERA PIPES PRIVATE LIMITED
March 11, 2025
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	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité 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 reaffirmation factors in SPPL's moderate financial risk profile marked by low gearing, comfortable debt protection metrics and the extensive experience of the management of over two decades in the plastic industry. However, the rating remains constrained on account of stagnant operating performance, working capital-intensive nature of operations and exposure to highly fragmented and competitive plastic 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, and PVC rigid pipes, among others.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité 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 Giria, who have over two decades of experience in the same line of business. The long- track record of operations and the experience of the management have 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 Rs. 28.85 Cr. as of March 31, 2024, compared to Rs. 23.25 Cr. as of March 31, 2023. The improvement in net worth is due to the accretion of reserves. The gearing of the company stood at 0.88 times as of March 31, 2024, compared to 0.90 times as of March 31, 2023. TOL/TNW stood at 1.12 times and 1.35 times as of March 31, 2024, and 2023, respectively. Debt protection metrics – the interest coverage ratio and debt service coverage ratio – stood at 3.31 times and

2.27 times as of March 31, 2024, compared to 3.44 times and 2.39 times as of March 31, 2023, respectively. Acuité believes that the financial risk profile will remain moderate in the absence of any major debt-funded capital expenditure plan in the near term.

Weaknesses

- **Stagnant Operating Performance**

SPPL 's revenue has stagnated over the last three years ending FY2024 as reflected in revenues of Rs.101.69 Cr. in FY2024 as against Rs.99.20 Cr. in FY2023, Rs. 102.97 Cr. in FY2022. Operating at full capacity has primarily led to this stagnation. The operating profit margin has been in a declining trend since last three ending FY2024, which stood at 6.53 percent in FY2024 as against 7.29 percent in FY2023, 7.51 percent in FY2022. Additionally, the company has reported revenue of Rs.68.06 Cr. in 9MFY2025, which is consistent with the revenue for the same period in previous years. Acuite believes SPPL's ability to improve its overall operating performance will remain a key monitorable.

- **Working capital intensive operations**

SSPL's working capital operations are intensive as reflected in its gross current asset (GCA)days of 156 days in FY2024 as against 158 days in FY2023. The GCA days are mainly impacted by inventory days. Inventory days stood at 88 days in FY2024 as against 97 days in FY2023. The debtor days stood at 71 days in FY2024 as against 62 days in FY2023. Subsequently, the payable period stood at 17 days in FY2024 as against 37 days in FY2023 respectively. Further, the reliance on bank limits utilization stood at ~90 percent for the fund-based limits for the past six months ending in January 2025. Acuité believes that the working capital cycle will continue to remain in similar range over the medium term

- **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.
- Further elongation of the working capital cycle leading to deterioration in debt protection metrics and liquidity profile

Liquidity Position: Adequate

SPPL's liquidity is adequate, marked by moderate cash accruals to its debt obligations. The company has generated net cash accruals of Rs.3.70 Cr. in FY2024, while its maturing debt obligations were Rs. 0.50 Cr. during the same period. Going forward, the company is expected to generate sufficient net cash accruals against its maturing debt obligations over the medium term. The current ratio stood at 1.61 times as on March 31, 2024. Unencumbered cash and bank balances stood at Rs. 0.16 Cr. as on March 31, 2024. Further, the reliance on bank limits utilization stood at ~90 percent for the fund-based limits for the past six months ending in January 2025. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of the expected generation of steady cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	101.69	99.20
PAT	Rs. Cr.	2.59	3.02
PAT Margin	(%)	2.55	3.05
Total Debt/Tangible Net Worth	Times	0.88	0.90
PBDIT/Interest	Times	3.31	3.44

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

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. 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Dec 2023	Cash Credit	Long Term	18.00	ACUITE BBB- | Stable (Reaffirmed)
16 Sep 2022	Cash Credit	Long Term	16.00	ACUITE BBB- | Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB- | Stable (Assigned)

Annexure - Details of instruments rated

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

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