



Press Release

Sara Sae Private Limited

November 12th, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	65.76	IVR BBB/Stable (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Total	65.76	Rupees Sixty-Five crore Seventy-Six lakh 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

Infomerics Valuation and Rating Private Limited (IVRPL) has assigned its rating for long term facility as IVR BBB with stable outlook for the bank facilities of Sara Sae Private Limited.

The rating draws comfort from experienced promoters and established track record, reputable client base with healthy order book position and moderate financial risk profile. However, these strengths are partially offset by volatility in raw material prices and stiff industry competition.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that Sara Sae Private Limited will continue to benefit from the extensive experience of its promoters.

IVRPL has principally relied on the audited financial results of Sara Sae Limited up to 31 March 2024 (i.e. review period from 1st April 2023 to 31st March 2024), and projected financials for FY25, FY26 and FY27, along with publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:



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Upward Factors

- Significant improvement in the operating income and profitability resulting in the improvement of the financial risk profile and liquidity profile of the company.
- Effective working capital management with improvement in operating cycle and liquidity.

Downward Factors

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or deterioration in the financial risk profile.
- Any further significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and established track record

Mr. Sumit Dhawan is managing Director of the company and looks at the day to day operations of the company. The promoter has an experience of around two decades in the industry. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers.

Reputable Client Base and healthy order book position

Sara Sae has developed strong associations and relations with its clients thus securing repeat orders from its customers. Strong execution capabilities and the latest technology have ensured constant order flow. The company has an order book of Rs.274 crore as on August 2024, to be executed in next 12 months. It was further awarded API accreditations for its quality products with clients ranging from Oil and Natural Gas Corporation(ONGC), Oil India and BHEL..

Moderate financial risk profile

The capital structure is supported by net worth of Rs 193.02 crore and gearing less than 0.37 time as on March 31, 2024. Debt protection metrics is comfortable, with interest coverage at 3.70 times and DSCR stood at 2.43 times for fiscal year 2024. The financial risk profile will



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remain comfortable on the back of steady accretion to reserve with stable profitability, and low reliance on external debt.

Key Rating Weaknesses

Volatility in raw material prices

The volatility in the raw material prices & time lag of passing the movement in cost of production to its customers may impact the profitability of the company. Prices of these raw materials are highly volatile in nature, guided by the international demand-supply scenario due to their global linkages. This exposes to any major adverse raw material price fluctuation, though presence of price escalation clauses in the company's orders insulates it against this risk to an extent.

Stiff industry competition

The industry is intensely competitive, marked by the presence of a large number of unorganized as well as organized players in the domestic market. As a result, there is intense competition among the large players and the large number of unorganized players that have regional presence and offer the same services at lower cost. This results in pricing pressure for organized players, which have to incur high overheads to maintain quality of services and staff. Issues relating to workforce availability can also have an adverse impact on the company's relationship with clients and therefore its revenues.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity: Adequate



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The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company's liquidity position is supported by cash and bank balances of Rs.8.09 crore as on March 31, 2024. The Company generated net cash accruals of Rs.22.89 crore for FY2024 while its maturing debt obligations were 2.38 for the same period. The cash accruals of the Company are estimated to remain in the range of around Rs. 22.35 crore to Rs.25.26 crore as against debt obligation of Rs.2.38 crore to Rs.1.50 crore during FY 2025-27. The current ratio stood at 2.04x as on March 31st, 2024.

About the Company

Sara Sae Private Limited was incorporated on 27.03.1980 with the Registrar of Companies, Delhi. At present, the Company is engaged in the business of oil field equipment manufacturing in the oil and gas industry worldwide. The Company was founded with an idea to emerge and establish itself as one of the key drivers in the oilfield industry in India and abroad. Over the years, the Company has emerged as one of the leading Oil Field Equipment Manufacturer ("OEMs") in the oil and gas industry worldwide.

Sara Sae Private Limited has in-house machining facility consists of CNC Turning centres, CNC Vertical turning centres, VMC with 4 axis and 5 axis control, CNC drilling, manual lathes and milling machines, continuous heat treatment furnaces facilities with SCADA control, carburizing & nitriding surface treatment facility, shot blasting, pressure testing and assembly. The Company had tied up with erstwhile Koomey Inc. and acquired technology to produce Blow Out Preventor Control Units ("BOP Control Units") indigenously and subsequently gained recognition for reliability and quality thereby becoming one of the first Indian Company to manufacture BOP control units having global acceptance and presence.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	100.95	219.43
EBITDA	9.34	21.34
PAT	11.57	19.88



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Total Debt	36.65	58.02
Adjusted Tangible Net Worth	140.92	157.00
EBITDA Margin (%)	9.25	9.72
PAT Margin (%)	10.49	8.77
Overall Gearing Ratio (x)	0.26	0.37
Interest Coverage (x)	1.71	3.70

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: NIL

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025 (Aug 09, 2024)	Date(s) & Rating(s) assigned in 2023-2024 (June 19, 2023)	Date(s) & Rating(s) assigned in 2022-2023 (Feb 03, 2023)
1.	Fund Based	Long Term	65.76	IVR BBB/Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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



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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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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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	-	-	-	-	65.00	IVR BBB/Stable
GECL	-	-	-	April 2025	0.76	IVR BBB/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SaraSae-nov24.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.