



## Press Release

### Savera Auto Comps Private Limited

June 03, 2022

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator (Simple / High / Complex)</a>
Long Term Bank Facilities	35.80	IVR BBB- (Stable) [IVR Triple B Minus with Stable Outlook]	Assignment	Simple
Short Term Bank Facilities	(17.00)	IVR A3 [IVR A Three]	Assignment	Simple
<b>Total</b>	<b>35.80</b>	<b>INR Thirty-Five Crores &amp; Eighty Lakhs Only</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating assigned to the bank facilities of Savera Auto Comps Private Limited factors experience of the promoters, the demonstrated track record of the company, reputed client base, long term revenue visibility and a moderate financial risk profile.

The ratings, however, remain constrained on account of moderate scale of operation and high customer and geographical concentration risk. The ratings are further constrained due to intense competition from organized and unorganized players.

The Stable outlook indicates a low likelihood of a rating change over the medium term.

#### Key Rating Sensitivities:

#### Upward Factors

- Further improvement in revenue and sustenance of operating profitability leading to higher cash accruals.
- Sustenance of prudently managed working capital cycle



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### Downward Factors

- Decline in operating profitability adversely impacting net cash accruals
- Any large debt-funded capex weakens the financial risk profile leading to gearing of greater than 2 times.
- Substantial increase in working capital requirement leading to a stretched liquidity position.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced Promoters** - The promoters' experience of over three decades in the home furnishing industry and healthy relationships with clients, distributors and suppliers should continue to strengthen the market position of the company.
- **Healthy Financial Risk Profile** – Financial risk profile is marked by a comfortable capital structure, evident by low gearing of around 1.12X as on March 31, 2021 vis-à-vis 3.13X as on March 31, 2020 and an improving net worth of around Rs 17.27cr in FY21 increasing from Rs 4.95cr in FY20. Debt protection indicators are healthy with ISCR & DSCR at 10.19X & 3.90X in FY21 improving from 4.49X & 2.36X in FY20. Sustained accretion to reserves and better operating performance should support the financial risk profile in the absence of any major debt-funded capital expenditure plan.
- **Diversified Product Profile** – The company manufactures various home utility products ranging from ironing board, cloth dryer, chairs, pull up bars, trolleys, hangers, centre tables, steel plates, refrigerator back cover, bottom plates & step ladder. The diversified nature of its product offerings reduces the risk of slowdown in demand of any particular product.
- **Association with Reputed Brands** – The company manufactures products for well known brands such as Decathlon & IKEA who have presence across the world and are opening more outlets in India providing long term revenue



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visibility. The association of the company with reputed brands over a decade acts as an entry barrier for other companies reducing competition to a certain extent.

### Key Rating Weaknesses

- **Relatively Modest Scale of Operations** – The total operating income of the company has grown by 4.20 % in FY21 over FY20 wherein the TOI stood at Rs. 251.70 crore in FY21 vis-à-vis Rs 242.75 crore in FY20. The company has earned revenues in tune of Rs 330.91cr as per the provisional FY22 provided by the management of the company, nevertheless, the scale of operations continues to remain relatively modest limiting economies of scale.
- **Customer and geographical concentration risk** - The business operations remain susceptible to customer concentration risk as the group generates around 80% of its revenue from its top three customers (Ikea, Decathlon & United). Furthermore, the business operations remain susceptible to geographical concentration risk as the group generates over 70% of its revenue from exports.
- **Intense Competition & Fragmented Industry** - The industry is highly competitive due to presence of many organized and unorganized players coupled with low entry barriers. Intense competition reduces the pricing power of the industry players.

**Analytical Approach:** Standalone

**Applicable Criteria (Please add Hyperlink to the respective criteria):**

[Rating Methodology for Manufacturing Companies](#)

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

### **Liquidity – Adequate**

The company has a current ratio of 1.04X in FY21 and an average utilization of 84.12% reflecting an adequate liquidity position. The company has a gross cash accrual of Rs 15.24cr as against a debt repayment obligation of Rs 3.75cr in FY21



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indicating sufficient liquidity cushion in case of any additional working capital requirement. Further, the promoter's ability to infuse funds is strong as reflected historically. Owing to the healthy profitability and cash accruals, the coverage ratios are expected to be comfortable.

### **About the Company**

Savera Auto Comps Private Limited was incorporated in 1996 by Mr. Pritish A.Chatterjee , Mr. Atul Moreshwar Save and other Save family members. SACPL is involved in manufacturing of home furnishing products made up with steel and plastics. SACPL manufactures products like ironing board, cloth dryer, steel plates, refrigerator back cover, bottom plates & step ladder. The company has manufacturing facilities at K-88, MIDC, Waluj, Aurangabad (Unit-I) and L-6/1, MIDC, Waluj, Aurangabad (unit-II). The company has a longstanding relationship with reputed clients such as Ikea & Decathlon ensuring repeat order providing revenue visibility.

### **Financials (Standalone):**

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	242.75	251.70
EBITDA	16.25	20.25
PAT	8.14	12.00
Total Debt	15.49	19.36
Tangible Net Worth	4.95	17.27
Ratios		
EBITDA Margin (%)	6.69	8.05
PAT Margin (%)	3.35	4.74
Overall Gearing Ratio (x)	3.13	1.12

**Status of non-cooperation with previous CRA: NA**

Any other information:

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	2020-21	2019-20	2018-19
1.	Fund Based	Long Term	35.80	IVR BBB-(Stable)	NA	NA	NA
2		Short Term	(17.00)	IVR A3	NA	NA	NA
	Total*		35.80				

*\*Details in Annexure I*

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities - <b>Term Loan I</b>	-	-	-	0.62	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
Long Term Fund Based Bank Facilities - <b>Term Loan II</b>	-	-	-	4.40	
Long Term Fund Based Bank Facilities - <b>Term Loan III</b>	-	-	-	0.78	
Long Term Fund Based Bank Facilities - <b>Term Loan IV</b>	-	-	-	1.50	
Long Term Fund Based Bank Facilities - <b>Term Loan V</b>	-	-	-	3.50	
Long Term Fund Based Bank Facilities - <b>WCTL</b>	-	-	-	5.00	
Long Term Fund Based Bank Facilities - <b>Cash Credit</b>	-	-	-	20.00	
Short Term Fund Based Bank Facilities - <b>Packing Credit</b>	-	-	-	(17.00)	IVR A3 (IVR A Three)
Short Term Fund Based Bank Facilities - <b>Post Shipment Credit</b>	-	-	-	(17.00)	

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Savera-Auto-June22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** The Terms of sanction include standard covenants normally stipulated for such facilities.

**Annexure 5: Complexity level of the rated Instruments/Facilities**

Sr No.	Instrument	Complexity Indicator
1.	Term Loans	Simple
2.	Cash Credit	Simple
3.	Packing Credit	Simple
4.	Post Shipment Credit	Simple





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**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](http://www.infomerics.com).