

July 15, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the above mentioned bank facilities of Ayurwin Pharma Private Limited (APPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, healthy financial risk profile, revenue growth and aggressive marketing efforts. However the rating is constrained by the company's moderate scale of operations and exposure to intense competition in the pharma industry.

APPL, incorporated in 2008, is a Bangalore-based company engaged in the manufacture of ayurvedic herbal medicines and related products. The company, promoted by Mr. Shivakumar, has a healthy gearing of ~0.02 times and strong coverage ratio with zero debt funds as on March, 31 2014. APPL benefits from its experienced management. The directors of the company have around 15 years of experience in the pharma industry. Besides, APPLs aggressive marketing efforts towards enhancing its brand image by roping in popular cricketers is expected to boost revenues considerably. APPL's revenues increased to Rs.55.16 crore (provisional) in FY2014-15 (refers to financial year, April 01 to March 31) from Rs.1.45 crore in FY2010-11.

Outlook: Stable

SMERA believes APPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while achieving sustained improvement in profit margins. The outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

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About the Company

APPL, incorporated in 2008, is a Bangalore-based company promoted by Mr. Shivakumar, B. Tech (Mechanical). The company manufactures ayurvedic herbal medicines and related products at its manufacturing unit in Bangalore, Karnataka.

For FY2013-14, APPL reported profit after tax (PAT) of Rs.1.18 crore on operating income of Rs.21.60 crore, as compared with PAT of Rs.0.52 crore on operating income of Rs.14.78 crore in FY2012-13. Further, the company reported PAT of Rs.4.15 crore (provisional) on operating income of Rs.55.16 crore (provisional) during the period April 01, 2014 to March 15, 2015. APPL's net worth stood at Rs.1.76 crore as on March 31, 2014, as compared with Rs.0.57crore a year earlier.

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