

Press Release

Ayurwin Pharma Private Limited

10 July, 2017

Rating Downgraded



Total Instruments Rated*	Rs.6.00 Cr
Long Term Rating	SMERA D

Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 6.00 crore bank facilities of Ayurwin Pharma Private Limited.

Ayurwin Pharma Private Limited (APPL) was established in 2008 by Mr. Shivakumar P.B. The company manufactures and distributes ayurvedic medicines and related products at Bangalore.

Key Rating Drivers

Strengths

- **Experienced management**

APPL was incorporated in 2008. The promoter possesses more than a decades experience in the pharmaceuticals industry.

Weaknesses

- **Delays in repayment of debt**

The rating reflects delays in servicing of debt obligations. The cash credit facility has been continuously overdrawn for more than 30 days.

- **Decline in revenue**

APPL registered fall in revenue to Rs.44.02 crore in FY2016-17 (Provisional) from Rs.91.90 crore in FY2015-16 on account of demonetisation and intense competition.

- **Weak financial performance**

The financial risk profile is weak marked by negative net worth as on 31 March, 2017 (Provisional) on account of accumulated losses in FY2015-16 and FY2016-17. The company has incurred operating losses of Rs.10.90 crore in FY2016-17 (Provisional) compared to Rs.2.41 crore in FY2015-16. The company incurred promotional and advertisement expenses of Rs.35.65 crore in FY2016-17 (Provisional) as against Rs.68.48 crore in FY2015-16 for promoting the new product (Nutrigain capsules and powder) launched during the year. The same stood at 80 percent of operating income in FY2016-17 (Provisional) as against 74 percent in FY2015-16.

- **Working capital and liquidity**

The operations are working capital intensive marked by gross current asset (GCA) days of 225 days in FY2016-17 (Provisional) as against 153 days in FY2015-16. Further, the creditors are

stretched to fund working capital requirements. The average cash credit utilisation for six months ended March 2017 stood at ~103 percent.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Ayurwin Pharma Private Limited (APPL) to arrive at the rating.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional) APPL, reported net loss of Rs.9.45 crore on operating income of Rs.44.02 crore compared with net loss of Rs.3.24 crore on operating income of Rs.91.90 crore in the previous year. The net worth stood negative as on 31 March, 2017 (Provisional) compared to Rs.0.12 crore in the previous year.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
15 Feb 2017	Cash Credit	Long Term	INR 6	SMERA BBB- (Indicative) Issuer not cooperating
15-Jul-2015	Cash Credit	Long Term	INR 6	SMERA BBB- / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA D

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in Sudarson Swami Analyst - Rating Operations Tel: 022-67141179 Tel: 022-67141152 sudarson.swami@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

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