

Impulse Pharma Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	4.30	SMERA BB/Stable (Assigned)
Term Loan	1.70	SMERA BB/Stable (Assigned)
Term Loan	6.00	SMERA BB/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.12.00 crore bank facilities of Impulse Pharma Private Limited (IPPL). The outlook is '**Stable**'.

The rating derives comfort from the company's established track record of operations, experienced management and healthy financial risk profile. The rating is also supported by the healthy revenue growth and order book position. However, the rating is constrained by the moderate scale of operations and working capital intensive business. The rating also factors in the susceptibility of margins to volatility in raw material prices.

IPPL, incorporated in 2002 has been manufacturing and marketing pharmaceutical formulations since 2007. The promoter, Dr. D. J. Zawar, possesses more than two decades of experience in the pharma industry. The company has healthy financial risk profile marked by low gearing of 0.57 times as on 31st March, 2016 as compared to 0.58 times as on 31st March, 2015. The interest coverage ratio is healthy at 3.76 times for FY2015-16 as compared to 3.06 times for FY2014-15.

The company operates on a moderate scale with operating income of Rs.30.40 crore in FY2015-16 as against Rs.32.37 crore in FY2014-15. However, IPPL has registered healthy revenue in the first six months of FY2016-17 of ~Rs.21.55 crore. The current order in hand is worth Rs.11.39 crore as on date (26 Sep 2016).

The operations are working capital intensive marked by gross current asset days of 119 in FY2016 as compared to 110 in the previous year. The six months average utilisation of cash credit account stands at ~89 percent ended August 2016. The margins of the company are susceptible to raw material price fluctuations.

Rating Sensitivity Factors

- Growth in revenue while sustaining profitability
- Efficient working capital management

Outlook-Stable

SMERA believes IPPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected cash accruals on the back of sustained growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in the profitability or deterioration in the capital structure and liquidity position.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

The Maharashtra-based IPPL was incorporated in 2002 by Dr. D. J Zawar. The company is engaged in the manufacturing and marketing of pharmaceutical formulations in the form of tablets and capsules since 2007.

For FY2015-16, the profit after tax (PAT) is Rs.0.95 crore on operating income of Rs.30.40 crore as compared to PAT of Rs.0.38 crore on operating income of Rs.32.37 crore for FY2014-15.

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ABOUT SMERA

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