

### Pristine Organics Private Limited: Assigned

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

SMERA has assigned long term rating of **'SMERA B-' (read as SMERA B minus)** to the above mentioned bank facility of Pristine Organics Private Limited (POPL). The outlook is **'Stable'**.

The rating is constrained by the company's moderate scale of operations and weak financial risk profile marked by negative net worth and gearing. The rating also factors in the moderate coverage indicators and low profitability. However, the rating derives comfort from the experienced management.

POPL, established by Ms. Deepa Viswanathan and Mr. Kalmane Chandergowda in 2004 is engaged in the processing of vitamin premixes. The company's scale of operations is moderate marked by operating income of Rs.21.69 crore in FY2016 as against Rs.20.86 crore in FY2015. The financial risk profile is weak marked by negative net worth of Rs.0.39 crore and gearing (Debt-equity ratio) of 11.69 times. The interest coverage ratio (ICR) stood at 1.32 times and debt service coverage ratio (DSCR) at 1.32 times in FY2016. The operating margin declined to 3.13 per cent in FY2016 from 7.43 per cent in FY2015, mainly due to increase in total employee cost. The net profit margin declined to 0.29 per cent in FY2016 from 3.70 per cent in FY2015.

However, the rating derives comfort from the experience of Ms. Deepa Viswanathan and Mr. Kalmane Chandergowda of over a decade in the pharmaceuticals industry.

#### Rating Sensitivity Factors

- Improvement in the scale of operations and profitability
- Improvement in the capital structure

#### Outlook: Stable

SMERA believes POPL will maintain a stable outlook in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improving its working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

#### Criteria to arrive at the ratings:

- Manufacturing Entities

#### About the Company

POPL, established in 2004 by Ms. Deepa Viswanathan and Mr. Kalmane Chandergowda is engaged in the processing of vitamin premixes at Bangalore, Karnataka.

For FY2015–16, the company reported profit after tax (PAT) of Rs.0.06 crore on operating income of Rs.21.69 crore, as compared with PAT of Rs.0.77 crore on operating income of Rs.20.86 crore in FY2014–15.

**Contacts:**

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations Tel: +91-22-6714 1105 Cell: +91-9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

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