



Press Release
SKINNOVATION PRIVATE LIMITED
February 12, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE Double B plus**) on the Rs 35.00 Cr. bank facilities of Skinnovations Private Limited (SPL). The outlook is ‘**Stable**’.

Rationale for Rating

The rating assigned factors in the experienced management and long operational track record of the company. The rating also draws strength from company’s comfortable financial risk profile along with adequate liquidity. However, the rating is constrained by moderation in operating performance, moderately intensive working capital management and susceptibility of profitability to forex exchange fluctuation risk.

About the Company

Mumbai-based Skinnovations Private Limited (SPL) incorporated in 2011, is engaged in the import, trading, and servicing aesthetic medical devices and other cosmeceutical products. The company is promoted by Mr. Kalpesh Sitaram Gawade and Mrs. Rajani Kalpesh Gawade.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of SPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long operational track record

The company is promoted and managed by Mr. Kalpesh Sitaram Gawade, Mrs. Rajani Kalpesh Gawade, and a team of experienced personnel. The directors possess over 20 years of experience in the aesthetic medical devices and cosmeceutical products industry. SPL has established long-term relationships, spanning 10-12 years, with its suppliers, supported by exclusive distribution agreements. The longstanding experience of the promoters has helped the company establish strong relationships with key suppliers and customers. Acuite believes that the company will benefit from the experienced management team to maintain its established relations with suppliers and customers.

Comfortable Financial Risk Profile

The financial risk profile of the company remained comfortable marked by moderate gearing, comfortable debt protection metrics and low net worth. The net worth of the company stood at Rs. 18.57 Cr. in FY2024, compared to Rs. 12.34 Cr. in FY2023. The gearing of the company remained moderate at 1.66 times in FY2024, compared to 2.32 times in FY2023. Further, debt protection metrics also remained comfortable, with the Interest Coverage Ratio (ICR) at 3.08 times in FY2024, compared to 3.09 times in FY2023. The Debt Service Coverage Ratio

(DSCR) of the company stood at 1.59 times in FY2024, compared to 1.47 times in the previous year. The Net Cash Accruals to Total Debt (NCA/TD) stood at 0.22 times in FY2024, the same as in the previous year. Acuité believes that the financial risk profile of the company will continue to remain moderate due to low net worth base and steady accruals.

Weaknesses

Moderation in Operating Performance

SPL reported a revenue of Rs. 119.15 Cr. in FY2024 as compared to Rs. 88.93 Cr. in FY2023. The company's revenues moderated with a revenue of ~Rs. 65.00 Cr. in 9MFY2025 and is projected to report revenue of around Rs. 120.00 Cr. for FY2025. Company reported operating margin of 11.41 per cent in FY2024, down from 13.96 per cent in FY2023, primarily due to a higher share of lower-margin devices in the product mix. The Profit After Tax (PAT) margin stood at 5.23 per cent in FY2024, compared to 6.42 per cent in FY2023. Acuité believes that the company's ability to continuously improve its scale of operations and profitability will remain a key rating monitorable.

Moderately Intensive Working Capital Operations

The working capital operations of the company are moderately intensive in nature, marked by a GCA of 209 days in FY2024 compared to 213 days in FY2023. The debtor days stood at 105 days as of March 31, 2024, compared to 96 days as of March 31, 2023. As of September 2024, the company has around 34 percent of the total debtors i.e. Rs. 26.59 Cr. outstanding for over six months which are recoverable in the medium term. The inventory days for the company stood at 106 days in FY2024 compared to 128 days in FY2023. Additionally, creditor days stood at 94 days in FY2024, compared to 100 days in the previous year. Furthermore, reliance on working capital limits remained high, with utilization at around 94 percent over the 12 months ending September 2024. Acuite believes that the working capital operations of the company will continue to remain moderately intensive on the back of elongated collection period.

Profitability is susceptible to foreign exchange fluctuations

The company imports over 90 per cent of its purchases from South Korea, Israel, China, and Spain thus is exposed to fluctuations in foreign exchange rates. The company does not use hedging mechanism however covers the exposure whenever required. SPL booked forex losses to the tune of Rs. 0.50 Cr. and Rs. 0.83 Cr. in FY24 and FY23 respectively. Thus, the company remains vulnerable to the risk of exchange rate fluctuations, which likely to have an impact on company's profitability over the medium term.

Rating Sensitivities

Ability to continuously improve its scale of operations and profitability
Changes in Financial Risk Profile
Working capital management

Liquidity Position

Adequate

The company's liquidity position is adequate, supported by moderate net cash accruals of Rs. 6.76 Cr. in FY2024 compared to its debt obligations of around Rs. 1.86 Cr. Further, the company is expected to generate cash accruals in the range of Rs. 7.76 – 8.79 Cr., compared to maturing repayment obligations of around Rs. 1.15 Cr. – 1.98 Cr. over the medium term. Cash and bank balance as of FY24 stood at Rs. 0.99 Cr., compared to Rs. 0.46 Cr. in FY23.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	119.15	88.93
PAT	Rs. Cr.	6.23	5.71
PAT Margin	(%)	5.23	6.42
Total Debt/Tangible Net Worth	Times	1.66	2.32
PBDIT/Interest	Times	3.08	3.09

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Jankalyan Sahakari Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB+ Stable Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

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