



Press Release

La Scentuer Fragrance Technologies Private Limited

July 13, 2022

Ratings

| Instrument Facility / | Amount (Rs. crore) | Ratings | Rating Action | Complexity Indicator |
|---|---|---|---------------|--------------------------------------|
| Long Term Bank Facilities – Term Loan | 6.54 | IVR BB-Stable (IVR Double B Minus with Stable Outlook) | Assigned | Simple |
| Long Term Bank Facilities – Cash Credit | 5.00 | IVR BB-Stable (IVR Double B Minus with Stable Outlook) | Assigned | Simple |
| Total | 11.54 (Rupees Eleven Crores Fifty-Four Lakhs Only) | | | |

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to bank loan facilities of La Scenteur Fragrance Technologies Pvt Ltd has factored in experienced promoters and management, established network with reputed clientele and comfortable debt protection metrics. However, the rating is constrained by nascent stages of operations and elongated operating cycle.

Key Rating Sensitivities:

Upward Factors

- Substantial scaling up of income levels
- Sustained improvement in profitability
- Substantial improvement in liquidity and gearing levels

Downward Factors

- Increased stress on working capital cycle due to increase in receivables
- Significant deterioration in debt protection metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



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Experienced promoters and management: La Scenteur Fragrance Technologies Pvt Ltd (LFTPL) is part of Manipal group. It is 100% owned by the Promoter family, through their family Trust - Tridevita Trust. The Manipal Group was founded by two brothers, late Mr. Upendra Ananth Pai and late Dr. TMA Pai in 1925. The group is into the business of printing, facilitating secure transactions, facilitating marketing, branding and communication for key industries such as banking, telecom, education, publishing, consumer goods and retail, financial services, aviation and transport and the government of India.

Reputed clientele: Company is working with reputed clients/brands PAN India and have a established network. The company manufactures products as per the client requirements and has set up plants/packaging accordingly which ensures repeat orders from their clients. The company has state of art manufacturing facilities which has the capacity to scale up the business and the capacity as per the client requirements.

Key Rating Weaknesses

Nascent stages of operations: The company is in nascent stages of operations and hence the scale of operations is low. The fragrance unit was started in 2018, the Wet wipes unit was started in FY22, and the personnel care unit commenced its operations in June 2022. Currently major revenues are from the fragrance vertical, and the two other verticals are yet to make a significant contribution. The ability of the company to scale up the business and achieve the projected growth will be a key monitorable.

Elongated operating cycle: Operations of the company are working capital intensive in nature. The average receivable collection days and average creditor days stood at 219 days and 159 days respectively in FY22. The operating cycle is elongated (197 days in FY22) on account of high debtor days. The operating cycle of the company has been stretched largely due to a high amount of debtors, amounting to Rs 5.62 crore in FY22. The ability of the company to reduce the debtors and improve the collections will be a key rating sensitivity.

Analytical Approach: Standalone

Applicable Criteria:



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Rating Methodology for manufacturing companies: [Manufacturing Companies | Infomerics Ratings](#)

Financial Ratios & Interpretation (Non- Financial Sector):
<https://www.infomerics.com/rating-criteria-detail/financial-ratios--implication>

Liquidity – Adequate

The company is earning comfortable level of GCA for the current level of operations and the same is expected to increase with increased income levels and profitability. This indicates adequate degree of liquidity of the company in meeting its obligations. Company has current ratio of 2.86x as on 31 March 2022. It has cash and cash equivalents of Rs 0.02 Crore as on 31 March 2022.

About the Company

La Scenteur Fragrance Technologies Pvt Ltd (LFTPL), is 100% owned by the Promoter family, through their family Trust - Tridevita Trust. Since inception in 2011, La Scenteur is one of the manufacturers of innovative, quality scented candles & fragrances. La Scenteur Fragrance develops fragrances for various applications like Personal care, Air care, home care, Cosmetics, Fine fragrances with fully equipped laboratories & R&D facility in their plants.

The company has three product verticals, viz., Air care/Fragrance products, Wet wipes and Personal care products. LFTPL presently has its manufacturing facilities near Mangalore with installed capacity of ~360 MT per annum of Fragrances & Scent inputs, ~6 lakh units per day in personal care products and ~1,49,76,000 units per month.

Financials (Standalone)*:

Rs in Crores

| For the year ended on/As on | 31 March 2020 | 31 March 2021 |
|-----------------------------|---------------|---------------|
| | (Audited) | (Audited) |



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| | | |
|------------------------|-------|-------|
| Total Operating Income | 12.87 | 19.03 |
| EBITDA | 0.94 | 1.34 |
| PAT | 0.60 | 0.74 |
| Total Debt | 1.58 | 0.07 |
| Tangible Networth | 5.18 | 7.91 |
| EBITDA Margin (%) | 7.32 | 7.06 |
| PAT Margin (%) | 4.59 | 3.82 |
| Overall Gearing (X) | 0.31 | 0.01 |

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information:

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2022-23) | | | Rating History for the past 3 years | | |
|---------|---------------------------------------|--------------------------------|--------------------------------|----------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 | Date(s) & Rating(s) assigned in 2019-20 |
| 1. | Long term bank facility – Term Loan | Long Term | 6.54 | IVR BB-/Stable | Nil | Nil | Nil |
| 2. | Long term bank facility – Cash Credit | Long Term | 5.00 | IVR BB-/Stable | Nil | Nil | Nil |

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities



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Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities: Not Applicable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-La-Scenteur-july22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.