

Press Release

Altra Pharma Chem Private Limited

23 January, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs.4.56
Long Term Rating	SMERA B+/Stable
Short Term Rating	SMERA A4

Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A Four**) on the Rs. 4.56 crore bank facilities of Altra Pharma Chem Private Limited (APCPL). The outlook is '**Stable**'.

Altra Pharma Chem Private Limited (the erstwhile Chedda Tex Chem Private Limited), a Maharashtra-based company was incorporated in 1995. The company, led by Directors, Mr. Mithun G Patil, Mr. Banubhai G Patil. Ms. Prachi M Patil, is engaged in the manufacturing of intermediate chemicals used in formulations. The installed capacity stands at 10 metric tonnes per month. APCPL caters to Glenmark Pharmaceuticals, Zydus Healthcare Ltd. and others in the domestic market.

Key rating drivers

Strengths

Experienced management

The promoter, Mr. Mithun Patil has been in the chemical and solvent industry for almost two decades. The extensive experience has helped the group establish comfortable relations with customers and suppliers.

Weaknesses

Working capital intensive operations

The operations are working capital intensive with Gross Current Asset (GCA) of 269 days in FY2017 compared to 151 days in FY2016. The company has high debtors of 136 days and moderate inventory of 23 days.

Below average financial risk profile

The financial risk profile of the group is marked by low net worth, high gearing and modest debt protection measures. The networth stood at Rs 2.18 crore as on 31 March, 2017 as compared to Rs. 1.43 crore as on 31 March, 2016. The debt equity ratio stood at 10.37 times in FY2017 compared to 13.23 times in FY2016. Moreover, the Net Cash Accruals to Total Debt (NCA/TD) stood at 0.07 times while Debt Service Coverage (DSCR) stood at 1.31 times as on 31 March, 2017. The Interest Coverage Ratio stood at 1.79 times in FY2017.

Moderate scale of operations

The group registered revenue of Rs.46.32 crore for FY2016-17 as against Rs.64.14 crore in FY2015-16. The decline in turnover in FY2017 has been due to the breakout of a fire at the manufacturing unit of Altra Pure Chem, the group company in FY2016, resulting in stalling of operations.

Analytical Approach:

SMERA has consolidated the business and financial risk profiles of Altra Pure Chem (APC) and Altra Pharma Chem Private Limited (APCPL) together referred to as the 'Altra Group' (AG). The consolidation is in view of the common management, strong operational and financial linkages between the entities.

Outlook – Stable

SMERA believes that the AG group will maintain a Stable outlook and benefit from its experienced management and long track record of operations. The outlook may be revised to 'Positive' in case the company improves its working capital cycle and financial profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	46.32	64.14	60.78
EBITDA	Rs. Cr.	4.20	2.73	2.95
PAT	Rs. Cr.	0.91	0.22	0.80
EBITDA Margin	(%)	9.07	4.25	4.86
PAT Margin	(%)	1.97	0.34	1.32
ROCE	(%)	16.55	11.41	32.88
Total Debt/Tangible Net Worth	Times	10.37	13.23	10.16
PBDIT/Interest	Times	1.79	1.62	2.47
Total Debt/PBDIT	Times	5.39	6.92	4.80
Gross Current Assets (Days)	Days	269	151	130

Any other information:

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

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

None

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B+/ Stable
Term loan	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B+/ Stable
Term loan	Not Applicable	Not Applicable	Not Applicable	0.15	SMERA B+/ Stable
Term loan	Not Applicable	Not Applicable	Not Applicable	0.41	SMERA B+/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4

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ABOUT SMERA

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