

Infinium Pharmachem Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Term Loan	1.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA B plus**) to the Rs.6.00 crore bank facilities of Infinium Pharmachem Private Limited (IPPL). The outlook is '**Stable**'.

The rating is constrained by the company's small scale of operations, weak financial risk profile and working capital intensive business. However, the rating draws comfort from the established track record of operations and experienced management.

The Gujarat-based IPPL is engaged in the manufacture of iodine derivatives and allied products at Anand. The company has registered decline of 10 per cent in operating income to Rs.8.10 crore for FY2015-16 (refers to financial year, April 01 to March 31) as against Rs.9.05 crore in the previous year. This was due to fall in production attributed to renovation and technological up-gradation. The company's financial risk profile is weak marked by low networth of Rs.2.22 crore as on March 31, 2016. The profitability has been low with PAT margin at 0.72 per cent for FY2015-16 as against 0.22 per cent in the previous year. Further, the operations are working capital intensive with gross current asset days at 186 for FY2015-16.

However, IPPL benefits from its experienced management. Mr. Sanjay Patel and Mr. Devanand Parekh, Directors have experience of around three decades in the pharmaceutical industry.

Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Efficient working capital management
- Improvement in the capital structure

Outlook-Stable

SMERA believes that IPPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers healthy growth in revenue while improving profitability leading to improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in its financial risk profile or stretch in working capital cycle.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

IPPL, incorporated in 2003, is a Gujarat-based company engaged in the manufacture of iodine derivatives and allied products. The company is promoted by Mr. Sanjay Patel and Mr. Mitesh Chikaliya.

For FY2015-16, IPPL registered profit after tax (PAT) of Rs.0.06 crore on operating income of Rs.8.10 crore, as compared with PAT of Rs. 0.02 crore on operating of Rs. 9.05 crore in FY2014-15.

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ABOUT SMERA

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