



Press Release

Infinium Pharmachem Private Limited

October 12, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs. 6.00 crore bank facilities of Infinium Pharmachem Private Limited. The outlook is '**Stable**'.

Infinium Pharmachem Private Limited (IPPL), is a Gujarat-based company that manufactures iodine derivatives and allied products. The company, led by Mr. Sanjay Patel, Mr. Mitesh Chikaliya and Dr. Devanand Parekh (Directors), also undertakes contract manufacturing. The manufacturing facility is located at Anand, Gujarat with installed capacity of 150 MT per month.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

The company, incorporated in 2003 by Mr. Sanjay Patel is engaged in the pharmaceutical industry. The management possesses extensive experience in the field of chemicals and intermediates and is ably supported by well qualified and trained second line of management.

- **Reputed clientele**

The company caters to a reputed client base that includes Syngene International Limited, Lupin Limited, Glenmark Pharmaceuticals Limited, Endoc Life Science.

- **Improvement in profitability margins**

The profitability margins have been uneven during the period under study. The EBITDA margins stood at 9.87 percent in FY2017, 11.32 percent in FY2016 and 5.17 per cent in FY2015. This is on account of fluctuations in raw material prices. However, the PAT margins improved to 0.95 per cent in FY2017 from 0.68 per cent in FY2016 and 0.22 per cent in FY2015.

Weaknesses

- **Uneven revenue trend**

The operating income stood at Rs.8.13 crore in FY2016 as against Rs. 9.05 crore in FY2015. Further, as per FY2017 financials, revenue stood at Rs 12.47 crore. The revenues are uneven as the company underwent major renovation and technological up-gradation in FY2015 and FY2016 that affected production.

- **Average financial risk profile**

The financial risk profile has remained average marked by low net worth of Rs. 2.67 crore as on 31 March, 2017 as against Rs. 2.21 crore in the previous year. The gearing is moderate at 1.50 times as on 31 March, 2017 as against 1.38 times as on 31 March, 2016. The total debt of Rs. 4.01 crore as on 31 March, 2017 comprises term loan of Rs. 0.91 crore, unsecured loan of Rs. 0.26 crore from promoters and working capital borrowings of Rs. 2.84 crore from the bank. The interest coverage ratio stood moderate at 2.25 times in FY2017 as against 2.27 times in FY2016. The DSCR stood at

2.03 times in FY2017 as against 2.21 times in FY2016. The net cash accruals stood at Rs. 0.57 crore in FY2017 as against Rs.0.46 crore in FY2016. The NCA/TD stood at 0.14 times in FY2017 as against 0.15 times in FY2016.

• Working capital intensive operations

The operations are working capital intensive marked by high GCA days of 156 days in FY2017 as against 185 days in FY2016. The working capital cycle has also further deteriorated to 89 days in FY2017 from 78 days in FY2016. This is on account of increase in debtor days to 107 days in FY2017 as against 92 days in FY2016. The inventory holding period stood at 48 days in FY2017 as against 87 days in FY2016. However, the bank limit utilisation stood at 70 percent for the last six months ended August, 2017.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of IPPL to arrive at the rating.

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' in case 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.

About the Rated Entity - Key Financials

In FY2016-17 the company reported profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.12.47 crore as against net profit of Rs.0.06 crore on operating income of Rs.8.13 crore in the previous year. The tangible net worth stood at Rs. 2.67 crore as on 31 March, 2017 as against Rs.2.21 crore a year earlier.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
28-Aug-2017	Cash Credit	Long Term	INR 5	SMERA B+
	Term Loan	Long Term	INR 1	SMERA B+
23-Jul-2016	Cash Credit	Long Term	INR 5	SMERA B+ / Stable

Term Loan	Long Term	INR 1	SMERA B+ / Stable
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*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B+ / Stable

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ABOUT SMERA

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