

Press Release

Infinium Pharmachem Private Limited

December 20, 2018

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE B+**' (read as **ACUITE 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 and Mr. Mitesh Chikaliya as directors also undertakes contract manufacturing. The manufacturing facility is located at Anand, Gujarat with installed capacity of 100 MT per month.

Analytical Approach

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

Key Rating Drivers

Strengths

- Established track record of operations and experienced management**

The company was incorporated in 2003 by Mr. Sanjay Patel who has experience of more than one and a half decade in the pharmaceutical industry. Being backed by the experience, it is able to maintain long standing relationship with its customers and suppliers.

- Reputed clientele**

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

- Improvement in profitability margins**

The profitability margins have been improving during the period under study. The EBITDA margins stood at 13.42 percent in FY2018 and 9.87 percent in FY2017. Also, the PAT margins improved to 2.41 percent in FY2018 as against 0.95 percent in FY2017.

Weaknesses

- Uneven revenue trend**

The operating income stood at Rs.9.79 crore in FY2018 as against Rs.12.47 crore in FY2017 and Rs.8.13 crore in FY2016. The revenues have been declined in FY2018 as the production got effected for 2 months in FY2018 due to major renovation activities. Also, the company has increased manufacturing of specialised products with better margins as compared to commodity products of which the quantity sold are specified and is comparatively low.

- Average financial risk profile**

The financial risk profile has remained average marked by low net worth of Rs.2.91 crore as on 31 March, 2018 as against Rs.2.67 crore as on 31 March, 2017. The gearing is moderate at 1.62 times as on 31 March, 2018 as against 1.50 times as on 31 March, 2017. The total debt of Rs.4.72 crore as on 31 March, 2018 comprises term loan of Rs.1.49 crore unsecured loan of Rs.0.86 crore from promoters and working capital borrowings of Rs.2.37 crore from the bank. The interest coverage ratio stood moderate at 2.65 times in FY2018 and DSCR stood at 2.50 times in FY2018. The net cash accruals to total debt (NCA/TD) stood at 0.16 times in FY2018 as against 0.14 times in FY2017.

• Highly fragmented and competitive industry

The pharmaceutical industry has large number of players which makes this industry highly fragmented and intensely competitive. IPPL being a small player, thereby limiting bargaining power compared to well-established and larger players.

Outlook: Stable

Acuite 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

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	9.79	12.47	8.13
EBITDA	Rs. Cr.	1.31	1.23	0.92
PAT	Rs. Cr.	0.24	0.12	0.06
EBITDA Margin	(%)	13.42	9.87	11.32
PAT Margin	(%)	2.41	0.95	0.68
ROCE	(%)	11.37	13.24	9.30
Total Debt/Tangible Net Worth	Times	1.62	1.50	1.38
PBDIT/Interest	Times	2.65	2.25	2.27
Total Debt/PBDIT	Times	3.58	3.24	3.29
Gross Current Assets (Days)	Days	211	157	186

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

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

	Term Loan	Long Term	INR 1	ACUITE B+ / Stable (Assigned)
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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	ACUITE B+ / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.42	ACUITE B+ / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.58	ACUITE B+ / Stable (Assigned)

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About Acuité Ratings & Research:

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