

Synkromax Biotech Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	4.00	SMERA BB-/Stable (Assigned)
Term Loan I	1.14	SMERA BB-/Stable (Assigned)
Term Loan II	5.98	SMERA BB-/Stable (Assigned)
Term Loan III	1.60	SMERA BB-/Stable (Assigned)
Term Loan IV	1.65	SMERA BB-/Stable (Assigned)
Proposed Long Term	2.03	SMERA BB-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.16.40 crore bank facilities of Synkromax Biotech Private Limited (SBPL). The outlook is '**Stable**'.

The rating is supported by the experience of the promoters and average financial risk profile. However, the rating is constrained by the company's modest scale of operations and stretched working capital cycle. The rating draws support from the over three decades of experience of the promoters in the enzymes industry. The rating is further supported by the average financial risk profile marked by moderate gearing of 1.31 times in FY2015-16 as against 0.59 times in FY2014-15. The interest coverage ratio stood at 1.99 times in FY2015-16 as compared to 2.28 times a year earlier. The operating margin stood at 5.72 per cent in FY2015-16 as compared to 6.66 per cent in FY2014-15. The company has reported net profit margin of 2.10 per cent in FY2015-16 as against 3.35 per cent in FY2014-15.

SBPL's modest scale of operations is evident from the revenue of Rs.21.08 crore in FY2015-16 as compared to Rs.21.02 crore a year earlier. The rating is further constrained by the stretched working capital cycle marked by high Gross Current Assets (GCA) days of 267 for FY2015-16 as against 190 days a year earlier.

Rating Sensitivity Factors

- Improvement in revenues
- Improvement in working capital management

Outlook-Stable

SMERA believes that SBPL will maintain a stable outlook in the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the scale of operations increases substantially while also maintaining operating profitability and improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capex.

Criteria applied to arrive at the ratings:

- Manufacturing Entities
- Trading Entities

About the Company

The Chennai-based SBPL was incorporated in 2009 by Mr. C. V. Seshadri, Mr. V. Subramaniam and Mr. Aravind Kumar Chandak. The company is engaged in the manufacture and trading of enzymes used in industries such as leather, pharma, food and paper among others. SBPL has received two global patents for 'SynkroScaff' and 'Bio-Cornea'. The company has set up a facility for manufacturing of SynkroScaff (engineered pericardium patch) and other enzymes at Porur with an installed capacity of 250 MT per month.

In FY2015-16, the company reported profit after tax (PAT) of Rs.0.44 crore on operating income of Rs.21.08 crore against PAT of Rs.0.70 crore on operating income of Rs.21.02 crore in the previous year.

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ABOUT SMERA

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