

Press Release

Gatik Synthesis LLP

November 06, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs. 20.00 crore bank facilities of Gatik Synthesis LLP. The outlook is '**Stable**'.

Gatik Synthesis LLP (GSLLP) is a mumbai based company incorporated in February, 2017. It is promoted by Mr. Vatsal Oza, Mr. Vicky Sapani, Mr. Vijay Thakker and Mr. Akhilesh Mehta. GSLLP is setting up a distillation plant for the purification of Solvents having capacity of 42000 MTPA at Additional Patalganga in Maharashtra. GSLLP will procure impure solvents from Pharmaceutical companies which use organic solvents in bulk, and process it so that it can be used by the pharma companies in their process. GSLLP expects to start its operations from October, 2019.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Gatik Synthesis LLP to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters of the company possess more than two decades of experience in the Chemical industry. GSLLP benefits from the long standing relations of the promoters with related parties.

- **Proximity to raw materials**

The main raw material is solvents. As far as availability of the raw material is concerned, it can be procured easily from various companies present locally only or can be transported as well. The Promoters are aware of the areas from where raw material is being procured. Therefore, it will not be any difficulty for the firm to procure the raw materials for the project.

Weaknesses

- **Project implementation**

The total project cost of GSLLP stood at Rs.32.65 crore to be financed by way of partners' funds of Rs.9.55 crore in the form of capital, Rs.3.10 crore in the form of unsecured loan and term loan of Rs.20.00 crore. The commercial production of the unit is expected to start by October 2019 and the unit is expected to operate at 35 percent capacity utilisation in the first year. The project is exposed to time and costs overrun.

- **Moderately intensive competition**

The firm will be engaged in the processing of impure solvents with moderately intense competition from unorganised segment. This will lead to low bargaining power over pricing and further would cap the growth and margins of the company.

Outlook: Stable

Acuité believes that the outlook on GSLLP rated facilities will remain 'Stable' over the medium term on account of the managements' knowledge about the industry. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be

revised to 'Negative' in case of inordinate project delays.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.15	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

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

None

Any other information

None

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)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE B+ / Stable

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Viren Rangparia Analyst - Rating Operations Tel: 02249294053 viren.rangparia@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.