

Press Release

Gatik Synthesis LLP

December 16, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs.20.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.20.00 crore bank facilities of Gatik Synthesis LLP (GSLLP). The rating is being withdrawn on account of request received from the firm, NOC received from the banker and is in accordance with Acuite's policy on withdrawal of rating.

Gatik Synthesis LLP (GSLLP) is a Mumbai based firm, established in February 2017. It is promoted by Mr. Vatsal Oza, Mr. Vicky Sapani, Mr. Vijay Thakker and Mr. Akhilesh Mehta. The firm is setting up a distillation plant for the purification of Solvents having 42000 MTPA at Additional Patalganga, MIDC, Maharashtra. GSLLP will procure impure solvents from Pharmaceuticals 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 February 2021.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of GSLLP to arrive at this 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 the 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 the 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.

Rating Sensitivities

- Timely commencement of operations
- Stretch in working capital cycle leading to increased reliance on working capital borrowings

Any Material Covenants

None

Liquidity Position

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.02	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.50	0.12
PBDIT/Interest	Times	0.00	0.00

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition-<https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Sector Entities- <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments-<https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
26-Nov-2019	Proposed Term Loan	Long Term	20.00	ACUITE B+ (Indicative)
06-Nov-2018	Proposed Term Loan	Long Term	20.00	ACUITE B+/Stable (Assigned)

*Annexure – Details of instruments rated

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

Contacts

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About Acuite Ratings & Research:

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