ICRA

Tyche Industries Limited

Instrument	Amount in Rs crore	Rating
Long Term Fund Based Limits	10.00	[ICRA]BB+ (Stable); assigned
Short Term Non-Fund Based Limits	2.38	[ICRA]A4+; assigned
Long /Short Term Unallocated Limits	0.12	[ICRA]BB+ (Stable) / [ICRA]A4+; assigned

ICRA has assigned a long term rating of [ICRA]BB+ (pronounced ICRA double B plus) to the Rs. 10.00 crore[*] fund based limits and short term rating of [ICRA]A4+ (pronounced ICRA A four plus) to the Rs. 2.38 crore non- fund based limits of Tyche Industries Limited (TIL)[†]. ICRA has also assigned ratings of [ICRA]BB+ / [ICRA]A4+ to the Rs. 0.12 crore long / short term unallocated limits of TIL. The outlook on the long term rating is Stable.

The ratings assigned takes into account long experience of the promoters in the manufacturing of intermediates/API's segment in the pharmaceutical industry; regulatory approvals like WHO-GMP, EU-GMP received from German Health Association for 14 API's which help in supply of products in European markets, EDQM received for Racecadotril from European council and also has received ISO 9001: 2008 certification. The ratings also draw comfort from healthy financial profile of the company with gearing of 0.18x times and other comfortable coverage indicators as on March 31, 2015. The ratings are however constrained by de-growth of revenues during FY15 and (6m), FY16; high product concentration of the company with top 10 products being sold contributing over 90% of the revenues during last 2 years along with high customer concentration with top 5 customers accounting for more than 65% of the total sales over the past 2 years. Further, the company also has low order book in hand for orders to be executed going forward and as such the revenue visibility is modest. These apart, ICRA also notes that the debtors have remained high consistently over the past few years, necessitating a requirement for tighter monitoring of credit periods.

Going forward, diversification into various other segments and introduction of new products along with increase in revenues will be the key rating sensitivity.

Company Profile

Tyche Industries limited (TIL) was incorporated in the year 1998 under the name of Siris Soft Private Limited as a software company to carry on business in software's and computers and later diversified into manufacture of fine chemicals. In March 2000, the company was converted to Public Limited and in 2004, the name of the company was changed to Tyche Industries Limited and the company commenced commercial production from August 2005. TIL has its manufacturing unit in Kakinada (East Godavari Dist. of A.P.) and registered office in Hyderabad. TIL is engaged in manufacturing of Intermediates and API's for anti-retroviral, anti-depression, anti-arthritic, anti-diarrheal, anti-psychotic etc. segments. TIL has 6 production blocks and has total reactor capacity of 153 KL.

Recent Results

As per audited financials for FY15, TIL reported an operating income of Rs. 63.87 crore with profit after tax of Rs. 1.93 crore as against Rs. 104.33 crore of operating income with profit after tax of Rs. 5.52 crore in FY14.

January 2016

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[*]100 lakh = 1 crore = 10 million

[†]For complete rating scale and definitions, please refer to ICRA's website http://www.icra.inor other ICRA Rating Publications.

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