

Press Release

Cadchem Laboratories Limited

March 20, 2020

Rating

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	17.00	IVR D	Rating revised from IVR BB-/Stable Outlook (IVR Double B Minus with Stable Outlook)
Short Term Bank Facilities	3.25	IVR D	Rating revised from IVR A4 (IVR A Four)
Total	20.25		

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in ratings takes into account the delays in servicing the term debt obligations as confirmed by the lender, owing to its stretched liquidity.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Criteria on Default Recognition and Post – Default Curing Period

About the Company

Cadchem Laboratories Limited (CLL) was initially incorporated as Chandigarh Drugs Private Limited in 1985 by Mr.Navneet Gupta. The company started its commercial production from 1987. The company got its current name in 1995. CLL is engaged in developing and manufacturing niche Active Pharmaceutical Ingredients (API) and intermediates. The manufacturing facility of the company is located at village Jaula Khurd, Tehsi, Dera Bassi, Punjab.

Financials (Standalone Basis)

	(Rs. crore)	
For the year ended / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	30.48	30.95
EBITDA	3.12	2.86

PAT	0.67	0.65
Total Debt	10.64	13.57
Tangible Net worth	5.74	7.63
EBITDA Margin (%)	10.22%	9.25%
PAT Margin (%)	2.23%	2.17%
Overall Gearing Ratio (x)	1.85	1.78

Status of non-cooperation with previous CRA:

CARE Ratings has moved the rating into CARE D;ISSUER NOT COOPERATING category as per PR dated September 20, 2019, as the company did not submit the requisite information to them.

Any other information: N.A

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating (Downgraded)	Date(s) & Rating(s) assigned in 2018-19 (October 12, 2019)	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Fund Based Limits – Cash Credit	Long Term	8.00	IVR D	IVR BB-/Stable	-	-
2.	Long Term Fund Based Limits – Term Loan	Long Term	6.19	IVR D	IVR BB-/Stable	-	-
3.	Long Term Fund Based Limits – ODTCS	Long Term	2.81	IVR D	IVR BB-/Stable	-	-
4	Short Term Non Fund Based Limits LC/BG	Short Term	3.25	IVR D	IVR A4		

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Ravi Prakash Tel: (011) 24655636 Email: rprakash@infomerics.com	Name: Mr. Avik Podder Tel: (033) 46022266 Email: apodder@infomerics.com
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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for

positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term bank Facilities - Term Loan	-	-	March, 2026	6.19	IVR D
Long Term bank Facilities - Cash Credit	-	-	-	8.00	IVR D
Long Term Bank Facilities- ODTCS	-	-	-	2.81	IVR D
Short Term Bank Facilities –LC/BG	-	-	-	3.25	IVR D