



Press Release

Harman Finochem Limited (HFL)

August 12, 2024

Ratings:

Instrument / Facility	Amount (INR Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term – Fund Based – Cash Credit	50.00	IVR B+/ Negative Outlook; ISSUER NOT COOPERATING * (IVR B plus / Negative Outlook; ISSUER NOT COOPERATING *)	IVR BB- /Negative; ISSUER NOT COOPERATING * (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING)	Rating downgraded and continues to remain under ISSUER NOT COOPERATING category	Simple
Short Term – Non-Fund Based – Letter of Credit	10.00	IVR A4; ISSUER NOT COOPERATING * (IVR A Four; ISSUER NOT COOPERATING *)	IVR A4; ISSUER NOT COOPERATING * (IVR A Four; ISSUER NOT COOPERATING *)	Reaffirmed	Simple
Total	60.00	(Rupees Sixty Crore Only)			

**Issuer did not cooperate; based on best available information.*

Details of Facilities are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of the covenants is at Annexure 3.

Detailed Rationale:

Infomerics has downgraded the ratings assigned to various bank facilities of HFL and rating continues to stay under Issuer Not Cooperating Category with Negative Outlook. The rating action reflects lack of adequate information available and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.



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The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as this rating may not adequately reflect the credit risk profile of the entity.

Non-cooperation by Issuer:

Infomerics has been regularly following up with HFL to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications dated 15th May 2024; and concurrently over several phone calls. However, despite repeated requests by Infomerics, HFL's management has not submitted the requested information for monitoring the ratings.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics must review the ratings based on the best available information.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Issuer Non- Cooperating](#)

[Rating Methodology for Manufacturing Companies](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

About the Company

Harman Finochem Limited is a Pharmaceutical Company which specializes in the manufacture and export of more than 45 Active Pharmaceutical Ingredients (APIs) & Intermediates of which 10 are Essential Drugs as per the WHO Model List. The company was incorporated in the year of 1983. Initially it is incorporated as a private limited company, however in the year of 2000 the company changed its constitution as a Limited Company. The Company is promoted by Mr. Bhupinder Singh Jagdev Singh Manhas. He is a dedicated pharma professional since past 40 years. The company has 2 manufacturing units located at MIDC, Aurangabad. The manufacturing facilities comply with cGMP requirement as per ICH Q7 A, with customized particle size options viz. Milling & Micronizing. The in-house QC laboratories are equipped with sophisticated instruments to assure high quality standards of



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APIs. The Company exports its products to more than 35 countries across the globe. The company is in the process of commissioning a new R&D facility at Navi Mumbai, Maharashtra, India.

Financials: Standalone

For the year ended / As on	31-Mar-2020 (Audited)	31-Mar-2021 (Audited)
Total Operating Income	631.80	766.43
EBITDA	200.11	280.88
PAT	122.03	168.32
Total Debt	29.47	95.08
Tangible Net worth	675.08	843.56
EBITDA Margin (%)	31.67	36.65
PAT Margin (%)	19.31	21.96
Overall Gearing Ratio (x)	0.04	0.11
Interest Coverage Ratio (x)	87.83	50.26

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
	PR Date			(12-August-2024)	(16- June-2023)	(6-April-2022)	(12-February-2021)
1.	Long Term – Fund Based – Cash Credit	Long Term	50.00	IVR B+/Negative; ISSUER NOT COOPERATING*	IVR BB-/Negative; ISSUER NOT COOPERATING*	IVR BB+; ISSUER NOT COOPERATING*	IVR BBB-/Credit Watch with Development Implications
2.	Short Term – Non-Fund Based – Letter of Credit	Short Term	10.00	IVR A4; ISSUER NOT COOPERATING*	IVR A4; ISSUER NOT COOPERATING*	IVR BB+; ISSUER NOT COOPERATING*	IVR BBB-/Credit Watch with Development Implications

*Issuer did not cooperate; based on best available information



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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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 – Fund Based – Cash Credit	–	–	-	50.00	IVR B+/ Negative Outlook; ISSUER NOT COOPERATING*
Short Term – Non-Fund Based – Letter of Credit	–	–	-	10.00	IVR A4; ISSUER NOT COOPERATING*
Total				60.00	

* Issuer did not cooperate; based on best available information

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not applicable

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