

Medchem Labs

September 12, 2022

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Long Term Bank Facilities | 6.25 | CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 6.25 (Rs. Six Crore and Twenty-Five Lakhs Only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated July 07, 2021, placed the rating(s) of Medchem Labs (ML) under the 'issuer non-cooperating' category as ML had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. ML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 23, 2022, June 02, 2022, June 12, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

Please refer to PR dated [July 07, 2021](#)

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

About the Firm

Medchem Labs (ML) was established in April 2016. The registered & corporate office of the firm is located at Narapur Taluk, Medak Dist., Telangana. The firm promoted by Mr. A Mohan Krishna & Mr. G Venkateswara Rao, (directors of Medchem Pharma Private Limited) and Mr. A. Anantha Krishna Rao (proprietor of Shankar Impex) is engaged in manufacturing Active Pharmaceutical Ingredients (API). Presently, ML has installed 380 Kgs per day capacity API plant in Telangana state. The plant is constructed on a 2491.82 sq. yards of land at the mentioned location. The commencement of production started in June 2017. The various licenses and approvals such as state pollution control, VAT, CST, clearance from Gram Panchayat, factories establishment licenses, power connection, approval from fire station and registration with labor inspector has been issued.

| Brief Financials (Rs. crore) | FY20(A) | FY21(A) | FY22(Prov.) | Q1FY23(Prov.) |
|------------------------------|---------|---------|-------------|---------------|
| Total operating income | NA | NA | NA | NA |
| PBILDT | NA | NA | NA | NA |
| PAT | NA | NA | NA | NA |
| Overall gearing (times) | NA | NA | NA | NA |
| Interest coverage (times) | NA | NA | NA | NA |

A: Audited, Prov.: Provisional, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Covenants of rated instrument/facility: Annexure - 3

Complexity level of various instruments rated for this firm: Annexure - 4

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating Assigned along with Rating Outlook |
|-----------------------------|------|------------------|-------------|---------------|-------------------------------|-------------------------------------------|
| Fund-based - LT-Term Loan | | - | - | June 2025 | 5.00 | CARE B-; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Cash Credit | | - | - | - | 1.25 | CARE B-; Stable; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument / Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|------------------------------------------|-----------------|--------------------------------|------------------------------------------|---------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Term Loan | LT | 5.00 | CARE B-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (07-Jul-21) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (19-May-20) | - |
| 2 | Fund-based - LT-Cash Credit | LT | 1.25 | CARE B-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (07-Jul-21) | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (19-May-20) | - |

*Issuer did not cooperate; Based on best available information

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

Annexure-4: Complexity level of various instruments rated for this firm

| Sr. No. | Name of Instrument | Complexity Level |
|---------|-----------------------------|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |

Annexure-5: Bank lender details for this firm

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

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