

Oceanic Pharmachem Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	11.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB; Stable
Short Term Bank Facilities	15.00	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Oceanic Pharmachem Private Limited (OPPL) to monitor the rating(s) vide e-mail communications dated September 25, 2024, November 11, 2024, November 21, 2024, November 28, 2024, February 10, 2025, March 26, 2025, March 27, 2025, and through various phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant of SEBI guidelines, CARE Ratings has reviewed and revised the ratings on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings of OPPL bank facilities will be denoted as CARE BB-; Stable; Issuer Not Cooperating/ CARE A4, Issuer Not Cooperating*

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

The ratings have been revised on account of non-availability of requisite information.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the company's long track record of operations and established relationship with its customers enabling them to bag repetitive orders.

Detailed description of key rating drivers:

At the time of last rating on March 21, 2024, the following were the rating strengths and weaknesses:

Key strengths

Long track record of operations coupled with highly experienced promoters in outsourced manufacturing of organic & inorganic chemicals:

The overall operations of OPPL are looked after by the promoters – Mr. Jayesh Shah along with his son Mr. Bhavik Shah and daughter Mrs. Bansari Mehta, who possess a total experience of over 41 years, 16 years and 13 years respectively in the field of outsourced manufacturing of organic & inorganic chemicals. Prior to the establishment of this firm, Mr. Jayesh Shah was involved in trading of pharmaceutical products in an entity established by himself, whereas Mr. Bhavik Shah, an M.B.A. in Marketing and Mrs. Bansari Mehta have gained their requisite experience in the due course of their association with OPPL. Hence, the extensive experience of the promoters enables them to establish strong marketing connects and production process excellence for OPPL.

Established relationship with reputed & diversified clientele coupled with wide geographical reach:

The customers of OPPL comprise various reputed originators, traders, pharmaceutical & generic companies, etc., whereas the clientele profile of the company is highly diversified comprising over 200 customers all over the globe. The products of the company are sold to 52 countries across various geographies viz. Asia (comprising ~75% of the annual revenues, of which ~50% comprises Japan), USA (8-10%), Africa (~5%) and the balance comprises Europe, thereby signifying wide geographical reach. However, the company has not shared the details of its customers and suppliers due to NDA agreements signed amongst them. Customers are primarily originators, traders, API manufactures and suppliers are the manufacturers of products viz. APIs, veterinary products, impurities, bulk drug intermediates, specialty chemicals, pellets, DC granules, herbal extracts, finished

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

formulations, cosmetics, antioxidant products, etc. with whom the company signs exclusivity agreements for manufacturing of its products.

Healthy financial risk profile marked by comfortable capital structure & debt coverage indicators:

OPPL's financial risk profile is marked by comfortable capital structure with overall gearing at 0.23x as on March 31, 2021 (PY: 0.38x). OPPL's debt profile includes unsecured loans from related parties and working capital limits from lender. The company does not have any term loans from lenders. Going forward, capital structure is expected to remain comfortable with no capex required by the company. Debt coverage indicators continue to remain healthy for FY21 with interest coverage at 6.16x (PY: 3.85x) and Total debt to cash accruals at 1.12x (PY: 2.87x). improvement in debt coverage indicators is primarily driven by improvement in operating performance of the company. Going forward, debt coverage indicators are expected to remain healthy with expectations of similar operating performance by OPPL in near term.

Key weaknesses

Modest scale of operations; healthy operating margins:

During FY21, OPPL's scale of operations improved by 27% to Rs.160 crore driven by favorable business environment for pharmaceuticals. The company has primarily taken advantage of scarcity of material during COVID lockdown. Till February, 2022, OPPL has registered turnover of Rs.150 crore. Despite improvement in turnover, OPPL's scale of operations continues to remain modest. OPPL has outsourced its manufacturing to domestic players. The company has inhouse R&D unit for development of custom synthesis. The company also develops synthesis as per specifications given by its clients. Thus, company derive better margin for its expertise in synthesis and API formulations. Operating margins improved to 14.07% for FY21 (PY: 11.15%) on account of economies of scale. Consequently, PAT margin and cash accruals improved from 5.58% and Rs.7.63 crore for FY20 to 8.15% and Rs.14.34 crore for FY21, respectively.

Working capital intensive nature of operations:

During FY21, OPPL's average collection period deteriorated marginally from 28 days in FY20 to 39 days in FY21. Further, creditor period declined from 22 days in FY20 to 12 days in FY21. Thus, leading to deterioration in operating cycle from 14 days in FY20 to 35 days in FY21. Since OPPL has outsourced its manufacturing activity and has order-based operations, it does not maintain any major inventory except for stock-in-trade. OPPL relies on unsecured funds from related parties to meet its incremental working capital needs and has lower dependence on working capital limits from lenders. Thus, overall operations of the company remain working capital intensive. OPPL's cash flow from operations turned negative on account of increased debtors as on March 31, 2021.

Susceptibility of profit margins to volatility in the material prices of API & specialty chemicals:

The profit margins of OPPL are fluctuating in nature, since the same are susceptible to volatility in prices of the variety of pharmaceutical products, especially the APIs and specialty chemicals, since they vary as per the requirements of the customers.

Foreign exchange fluctuation & geopolitical risks:

OPPL is exposed to foreign exchange fluctuation risk, since almost entire of its annual revenues are derived from the exports, whereas the transactions are dealt in USD, YEN and EUR. However, the said risk is mitigated to an extent, given the weaker rupee against the aforementioned currencies. Moreover, the company also enjoys a forward contract limit worth Rs.100 crore from the bank to hedge the foreign exchange exposure. Nevertheless, the foreign exchange fluctuation risk continues to persist due to timing differences in sales and payments. Moreover, the company also exposed to geopolitical risk as the entire revenue derived from export market and hence, any regulatory changes in the export regions will directly impact on the revenue stream of the company.

Presence in regulated industry with risks associated to R&D activities:

OPPL operates in highly regulated pharmaceuticals industry with presence of high entry barriers. Moreover, the company is a part of various projects with innovators in pharmaceutical & chemical industries, which are at various stages of R&D, the revenues from which shall translate only on commercialization. Hence, the company is exposed to risks associated to R&D activities, since revenues & profitability of the products are highly dependent upon the commercialization of the same.

Liquidity: Strong

OPPL's liquidity profile is marked by healthy cash and bank balance of Rs.6.61 crore and current ratio at 6.50x as on March 31, 2021. OPPL's working capital limits are utilized with an average of 10% for 12-month period ending in February, 2022. Currently, company's incremental working capital requirement is met by internal accruals and unsecured loans from related parties with low reliance on working capital limits from banks. Hence, providing sufficient cushion to utilize bank limits in case of further requirement of working capital funds. The company does not have any term loans and has no plans of debt-funded capex in near term. Thus, company's liquidity profile remains strong for near term.

Applicable criteria
[Definition of Default](#)
[Policy in respect of non-cooperation by issuers](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Pharmaceuticals](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Established as a partnership firm by Mr. Jayesh Shah in 1987, Oceanic Pharmachem Private Limited (OPPL) was later converted into a private limited company in 1997. The company is an ISO 9001:2015-certified company, also certified as a 2-star export house by DGFT (Directorate General of Foreign Trade), and is engaged in exporting of various organic & inorganic chemicals which find a wide range of applications in pharmaceuticals, agrochemicals, cosmetics, herbal products, etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	161.35	193.31	NA
PBILDT	10.62	13.93	NA
PAT	11.38	17.33	NA
Overall gearing (times)	0.22	0.14	NA
Interest coverage (times)	6.03	7.22	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	11.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Packing Credit in Foreign Currency	-	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Post Shipment Credit	-	-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	11.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (18-Jan-23) 2)CARE BBB; Stable; ISSUER NOT COOPERATING* (19-Jul-22) 3)CARE BBB; Stable (06-Apr-22)	-
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE A4+; ISSUER NOT COOPERATING* (18-Jan-23) 2)CARE A2; ISSUER NOT COOPERATING* (19-Jul-22)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
							3)CARE A2 (06-Apr-22)	
3	Fund-based - ST-Post Shipment Credit	ST	9.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE A4+; ISSUER NOT COOPERATING* (18-Jan-23) 2)CARE A2; ISSUER NOT COOPERATING* (19-Jul-22) 3)CARE A2 (06-Apr-22)	-
4	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Mar-24)	1)CARE A4+; ISSUER NOT COOPERATING* (18-Jan-23) 2)CARE A2; ISSUER NOT COOPERATING* (19-Jul-22) 3)CARE A2 (06-Apr-22)	-

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

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Packing Credit in Foreign Currency	Simple
3	Fund-based - ST-Post Shipment Credit	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Contact us

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About us:

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Disclaimer:

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