

Fairchem Speciality Limited

September 11, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	-	-	Withdrawn
Long-term/ Short-term Bank Facilities	-	-	Withdrawn
Total Facilities	-		

*Details in Annexure I.

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the ratings assigned to the bank facilities of Fairchem Speciality Limited (FSL) with immediate effect as the bank facilities rated by CARE in FSL have been transferred to Fairchem Organics Ltd. (FOL) upon approval of the scheme of demerger of entire Oleo Chemicals and Nutraceuticals business of FSL to FOL by the Honourable National Company Law Tribunal (NCLT) vide its order dated June 30, 2020 with record date being fixed as August 24, 2020. Consequently, there are no outstanding bank facilities on the books of FSL.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

Fairchem Speciality Limited (FSL), formerly known as Adi Finechem Limited, was engaged in the manufacturing of specialty chemicals like Mixed Tocopherol Concentrate, Sterols Concentrate, Dimer Acid and Linoleic Acid which find application in various industries like nutraceuticals, paints, printing ink, detergents, adhesives, etc. On May 22, 2019, The Board of Directors of FSL and those of its wholly-owned subsidiaries Fairchem Organics Limited (FOL) and Privi Organics India Limited (POIL), considered and approved a composite scheme of arrangement and demerger ("The Scheme") to separate the businesses of Oleo Chemicals & Intermediate Nutraceuticals from Aroma Chemical business. On June 30, 2020 the composite scheme of arrangement and demerger was approved by the Hon'ble NCLT, Mumbai and record date was fixed as August 24, 2020.

Brief Financials of FSL before giving the effect of demerger (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	254.21	313.08
PBILDT	40.81	57.73
PAT	21.52	36.55
Overall gearing (times)	0.55	0.52
Interest coverage (times)	7.12	8.91

A: Audited

As per provisional results for Q1FY21, the company reported total operating income of Rs.35.23 crore (Q1FY20: Rs.71.32 crore) and incurred net loss of Rs.0.19 crore (Q1FY20: PAT of Rs.5.13 crore)

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.careratings.com and other CARE publications

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Fund-based - LT-Working Capital Limits	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE A (Under Credit watch with Developing Implications) (02-Jul-19) 2)CARE A (Under Credit watch with Developing Implications) (30-May-19)	1)CARE A; Stable (28-Jun-18)	1)CARE A-; Positive (28-Jul-17)
2.	Fund-based - LT-Working Capital Limits	LT	-	-	-	1)CARE A (Under Credit watch with Developing Implications) (02-Jul-19) 2)CARE A (Under Credit watch with Developing Implications) (30-May-19)	1)CARE A; Stable (28-Jun-18)	1)CARE A-; Positive (28-Jul-17)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	1)CARE A / CARE A1 (Under Credit watch with Developing Implications) (02-Jul-19) 2)CARE A / CARE A1 (Under Credit watch with Developing Implications) (30-May-19)	1)CARE A; Stable / CARE A1 (28-Jun-18)	1)CARE A1 (28-Jul-17)

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based - LT-Working Capital Limits	Simple
3.	Non-fund-based - LT/ ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades

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