

Gufic Biosciences Limited

November 20, 2017

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities (Cash credit)	25.00	CARE BBB- [Triple B Minus] (Credit watch with developing implications)	Placed on credit watch with developing implications
Total Facilities	25.00 (Rupees Twenty Five crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has placed the rating assigned to the bank facilities of Gufic Biosciences Limited (GBL) under 'credit watch' with developing implications following the proposed amalgamation of Gufic Lifesciences Private Limited with GBL and the possible impact of the same on the credit profile of GBL.

CARE is in the process of seeking additional information and clarifications from GBL, on the basis of which CARE will take a view on the rating, once the exact implications of the above development on the business and overall credit risk profile of the company, are clear.

Detailed description of the key rating drivers: Not applicable

Analytical approach: Standalone

Applicable Criteria

[Rating Methodology-Wholesale Trading](#)

[Rating Methodology-Manufacturing Companies](#)

[Financials Ratio-Non Financial Sector](#)

[Criteria on Assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for placing rating on credit watch](#)

About the Company

Incorporated in 2000, Gufic Biosciences Limited (GBL) is a pharmaceutical company closely held by Choksi family, who hold 69.98% equity stake directly or through group companies. The company is primarily engaged in manufacturing formulations and active pharmaceutical ingredients (APIs) for various leading pharmaceutical companies in India. The company has established itself in the pharma, herbal and biotechnology business in India. GBL's key focus is in contract manufacturing and the intellectual property rights of the products manufactured under contract manufacturing remains with GBL for majority of the products. In FY16, the company launched a new division under the name of Criticare to focus towards the critical diseases under the various therapeutic segments.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	203	250
PBILD	20	28
PAT	7	11
Overall gearing (times)	1.26	1.27
Interest coverage (times)	3.76	4.82

A: Audited

Status of non-cooperation with previous CRA: ICRA suspended its rating vide press release dated July 26, 2016 on account of non-cooperation by GBL with ICRA's effort to undertake a review of outstanding ratings.

Any other information: Not applicable

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument/Bank Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	25.00	CARE BBB- (Under Credit watch with Developing Implications)

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 & Rating assigned in 2017-2018	Date & Rating assigned in 2016-2017	Date & Rating assigned in 2015-2016	Date & Rating assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	25.00	CARE BBB- (Under Credit watch with Developing Implications)	1)CARE BBB-; Stable (19-Apr-17)	1)CARE BBB- (16-Jun-16)	-	-

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