

APRIL 13, 2015

CARE REVISES THE RATING ASSIGNED TO THE LONG-TERM BANK FACILITIES OF ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	1971.07	CARE B- (Single B Minus)	Revised from CARE C [Single C]
Short term Bank Facilities	498.50	CARE A4 (A Four)	Reaffirmed
Total Facilities	2469.57		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Orchid Chemicals and Pharmaceuticals Limited (Orchid) takes into account the successful completion of sale & realisation of sale proceeds in respect of Orchid's API business of penicillin & penem and resultant improvement in liquidity position of the company.

The ratings, however, are constrained by the highly leveraged capital structure and low cash accruals in relation to debt levels. The ratings also take note of Orchid's long track record of operations and its established presence as a bulk drug manufacturer. The ability of the company to stabilize the operations, improve revenue & profit margins from existing businesses and its leveraged capital structure would be the key rating sensitivities.

Background

Established in 1992, Orchid is an integrated pharmaceutical company with presence in bulk drug manufacturing, formulations and drug discovery. Orchid started its operations as a cephalosporin Active Pharmaceutical Ingredient (API) manufacturer with a focus on less regulated markets and largely remained so till 2004 before moving to formulations. During FY10 (refers to the period April 1 to March 31), Orchid sold its sterile injectable formulations business to Hospira Inc. The business transfer was completed in March 2010. Also, Orchid entered into a Business Transfer Agreement (BTA) with Hospira Inc., during FY13 for the sale and transfer of Orchid's API business of penicillin and penem, the API facility located in Aurangabad (Maharashtra) together with an associated R&D Infrastructure located in Chennai. The BTA was completed in July 2014. Orchid presently operates in API business (of antibiotics namely non-penicillin and non-cephalosporin) and oral formulation businesses of cephalosporin and non-antibiotics.

For the fifteen months ending December 2014, Orchid has registered an after tax loss of Rs. 362 crore on a total income of Rs.1,449 crore. For the three months ended December 2014, Orchid has registered an after tax loss of Rs.120 crore on a total income of Rs.165 crore.

Analyst Contact

Name: P.Sudhakar

Tel: 044-2489 7812

Email: p.sudhakar@careratings.com

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

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

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.

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 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 assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma

 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajjan Goyal

 2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 – 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

KOLKATA
Ms. Priti Agarwal

 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal

 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691