

Orchid Pharma Limited

September 03, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	2687.49	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Short term Bank Facilities	498.50	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Total	3185.99 (Rs. Three Thousand One Hundred and Eighty Five crore and Ninty Nine lakh only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 06, 2018 placed the ratings of Orchid Pharma Limited (Orchid) under the 'issuer non-cooperating' category as Orchid had failed to provide information for monitoring of the rating exercise as agreed to in its Rating Agreement. Orchid continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated June 04, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE'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 ratings.

The ratings continue to take into ongoing delays by the company.

Detailed description of the key rating drivers

At the time of last rating on April 06, 2018 the following were the rating strengths and weaknesses (updated for the information available in BSE website):

Key Rating Weaknesses

Instances of delays in debt servicing

The company is currently under Corporate Insolvency Resolution Process (CIRP) proceedings. The Resolution Plan approved by NCLT vide its order dated 25th/27th of June 2019 has been disputed by one of the resolution applicants. The dispute is currently under National Company Law Appellate Tribunal and the matter is presently sub judice.

Continuous losses over the last few years coupled with high debt commitments have resulted in tight liquidity position of the company. Orchid's scale of operations has also been declining continuously over the past and it has come down to Rs.583.64 crore from Rs.760.11 crore in FY17.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Criteria for Short Term Instruments](#)

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

*Issuer did not cooperate; Based on best available information

[CARE's Methodology for manufacturing companies](#)
[Financial ratios - Non-Financial Sector](#)

About the Company

Orchid Pharma Limited (Orchid), established in 1992, is an integrated pharmaceutical company with presence in bulk drug manufacturing, formulations and drug discovery. Orchid commenced its operations as a cephalosporin Active Pharmaceutical Ingredient (API) manufacturer and largely remained so till 2004 before moving to formulations. Orchid presently operates in API business (of Cephalosporin based antibiotics) and formulation business (Oral Cephalosporin and Non Penicillin Non Cephalosporin).

Brief Financials (Rs. crore)	FY18 (A)*	FY19 (A)*
Total operating income	649.00	583.64
PBILDT	33.74	4.24
PAT	-355.27	-101.05
Overall gearing (times)	-5.76	-4.96
Interest coverage (times)	0.11	14.13

A: Audited; *based on abridged results available in BSE

Status of non-cooperation with previous CRA: NA

Any other information: NA

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

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	-	-	March 2023	2687.49	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-EPC/PSC	-	-	-	498.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; based on best available information

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	2687.49	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (17-Apr-17)	1)CARE B- (11-Apr-16)
2.	Fund-based - ST-EPC/PSC	ST	498.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (17-Apr-17)	1)CARE A4 (11-Apr-16)

*Issuer did not cooperate; based on best available information

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

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.

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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