



## Rating Rationale

Rhydburg Pharmaceuticals Ltd

16 Jan 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 8.50 Cr of Rhydburg Pharmaceuticals Ltd.

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating Assigned*	
	Previous	Present		Previous (August , 2016)	Present
<b><i>Fund based</i></b>					
Cash Credit	7.50	7.50	Long Term	BWR BB- (Pronounced as BWR Double Minus) Outlook: Stable (Re-affirmation)	BWR BB- (Pronounced as BWR Double Minus) Outlook: Stable (Re-affirmation)
FCTL	0.34	-			
## SIDBI- Term Loan	1.26	-			
<b><i>Non Fund Based</i></b>					
Letter of Credit	0.50	0.50	Short Term	BWR A4 (Pronounced as BWR A Four) (Re-affirmation)	BWR A4 (Pronounced as BWR A Four) (Re-affirmation)
Bank Guarantee	0.50	0.50			
<b>Total</b>	<b>10.10</b>	<b>8.50</b>	<b>(INR Eight Crores and Fifty Lakhs Only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the financials up-to FY17 and publicly available information and the information/clarifications provided by the company.



The rating draws strength from the experienced promoters and business dealing in various genetic drugs, moderate net worth and low gearing ratio

The ratings, however, constrained by moderate scale of operations, reduced revenue growth decline in profitability margins, high conversion cycle and dependency on working capital besides competitive nature of industry.

### **Description of Key Rating Drivers**

#### **Credit Strengths:**

Promoters have experience for more than two decades. net worth, Rs 22.34 in FY17. Low gearing ratio @ 0.72 times.

#### **Credit Risks:**

Revenue decreased from Rs 58.90 Cr (FY16) to Rs 57.92 Cr in FY17. reduced operating profit margin 6.67% in FY17.

#### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **Rating Outlook: Stable**

BWR believes the **Rhydburg Pharmaceuticals Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

#### **About the Company**

Rhydburg Pharmaceuticals Limited (RPL), was incorporated as private limited company in 1987 and manufactures a wide range of pharmaceuticals formulations in the form of tablets, capsules, syrups and lotions. The company is WHO-GMP (Good Manufacturing Practices) certified and have manufacturing plant located at Dehradun (Uttarakhand), which is excise free zone area. The company have presence in CIS, ASEAN, Africa, Latin America and Francophone nations with over 400 products in various therapeutic segments. The company also exports to countries like Nigeria and Myanmar etc.



### Company Financial Performance

Total operating income decreased from Rs 58.90 Cr in FY16 to Rs 57.92 Cr in FY17 and vice-versa PAT declined from Rs 1.15 Cr in FY 16 to Rs 0.96 Cr in FY17. Tangible net worth stood at Rs 22.34 Cr in FY17.

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. ( in Crores)	57.92	58.90
EBITDA	Rs. ( in Crores)	3.87	4.04
PAT	Rs. ( in Crores)	0.96	1.15
Tangible Net worth	Rs. ( in Crores)	22.34	21.11
Total Debt/Tangible Net worth	Times	0.72	0.81
Current Ratio	Times	1.58	1.44

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	17th August, 2016	26th February 2015	FY14
(1)	<b><i>Fund Based</i></b> Cash Credit	Long Term	7.50	<b>BWR BB- ( Outlook : Stable) ( Re-affirmation)</b>	<b>BWR BB- ( Outlook : Stable) ( Re-affirmation)</b>	<b>BWR BB- ( Outlook : Stable) ( Re-affirmation)</b>	N/A
(2)	<b><i>Non Fund Based</i></b> Letter of Credit	Short Term	0.50	<b>BWR A4 (Re-affirmation)</b>	<b>BWR A4 (Re-affirmation)</b>	<b>BWR A4 (Re-affirmation)</b>	N/A
(3)	Bank Guarantee		0.50				
	<b>Total</b>		<b>8.50</b>	<b>( ₹ Eight Crores and Fifty Lacs Only)</b>			



Status of non-cooperation with previous CRA (if applicable)-N/A

Any other information : No

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).



### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

### **DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.