ICRA

January 05, 2017

Aarti Drugs Limited

Instrument^	Amount (in crore)	Amount Outstanding as on March 31, 2016 (in crore)	Rating Action*
Long Term - Term Loan	230.22	224.99	[ICRA]A-(Stable), reaffirmed
Cash Credit	30.00	NA	[ICRA]A-(Stable), reaffirmed
Short Term – Fund Based	365.00	NA	[ICRA]A2+,reaffirmed
Long-term/short term Unallocated Limits	10.78	NA	[ICRA]A-(Stable)/[ICRA]A2+, reaffirmed
Short Term – Non Fund Based	271.00	NA	[ICRA]A2+,reaffirmed
Total	**907.00**		

*** Issuer did not co-operate; Based on best available information.**
^Instrument Details captured under Annexure-1

Rating Action: ICRA has reaffirmed [ICRA]A- (pronounced ICRA A minus) rating for Rs. 230.22 crore[1] term loan and Rs. 30.00 crore cash credit facilities of Aarti Drugs Limited (ADL, 'the company') †. The outlook on the long term rating is stable. ICRA has also reaffirmed the short term rating as [ICRA]A2+ (pronounced ICRA A two plus) for Rs. 365.00 crore fund based facilities and Rs. 271.00 crore non fund based facilities of ADL†. ICRA also has rating outstanding as [ICRA]A-/Stable/A2+ for unallocated limits of Rs. 10.78 crore of ADL.

The rating action is based on the best available information. As part of its process and in accordance with its rating agreement with ADL, ICRA has been trying to seek information from the company so as to undertake a surveillance of the ratings, but despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's *Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016*, the company's rating is now denoted as: **"[ICRA] A-(Stable)/[ICRA]A2+ ISSUER NOT COOPERATING"**. The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

Analytical approach:
For arriving at the ratings, ICRA has combined the business and financial risk profiles of ADL and its wholly owned subsidiary, Pinnacle Life Science Private Limited.

Links to applicable Criteria
Corporate Credit Rating –A Note on Methodology
http://www.icra.in/Files/Articles/2009-October-Rating-Corp-Rating-Methodology.pdf

Rating Methodology for Pharmaceutical Industry
http://www.icra.in/Files/Articles/Pharma-Methodology-Finalised.pdf

About the Company: ADL, incorporated in 1984, is engaged in the business of manufacturing Active pharma ingredients (APIs), advanced intermediates and specialty chemicals. The company is part of Rs. 3200 crore Aarti Group of Industries. ADL manufactures drugs in therapeutic segments such as anti-arthritis, anti-fungal, antibiotics, anti-diabetic, sedatives, anti-depressant, anti-diarrhea and anti-inflammatory.

1 100 lakh = 1 crore = 10 million

The company's manufacturing facilities are located at Tarapur and Sarigam. One of the facilities at Tarapur, has received the US FDA approval in June 2009 though same was put on import alert in Mar'15. The company has been exporting to unregulated/semi regulated markets for years and is in the process of establishing its foothold in regulated markets.

The company, on a consolidated basis, reported an operating income of Rs. 1139.9 crore and profit after tax of Rs. 68.72 crore in FY2016 as against the operating income of Rs. 1084.5 crore and profit after tax of Rs. 77.6 crore in FY2015. For H1 FY2017, the company reported operating income of Rs. 607.6 crore and profit after tax of Rs. 42.0 crore on a consolidated basis.

Rating History for last three years:

S.No	Name of Instrument	Current Rating (Year T)			Chronology of Rating History for the past 3 years		
		Type (long term/ Short term)	Rated amount (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2016	Month-year & Rating in FY2015	Month- year & Rating in FY2014
				January 2017	April 2015	June 2014	August 2013
1.	Term Loan	LT	230.22	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)
2.	Cash Credit	LT	30.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+(Stable)
3.	WCDL/PCFC/STL	ST	365.00	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
4.	Non Fund Based	ST	271.00	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
5.	Unallocated limits	LT/ST	10.78	[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	NA	NA

Note on complexity levels of the rated instrument:
ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

***Annexure-1**

Details of Instrument

Name of the instrument	Date of issuance ^	Coupon rate ^	Maturity Date ^	Size of the issue	Rating assigned, along with Rating Outlook
Term loan	NA	NA	NA	230.22	[ICRA]A-(Stable)
Cash credit	NA	NA	NA	30.00	[ICRA]A-(Stable)
WCDL/PCFC/STL	NA	NA	NA	365.00	[ICRA]A2+
Non Fund Based	NA	NA	NA	271.00	[ICRA]A2+
Unallocated limits	NA	NA	NA		[ICRA]A(Stable)/ [ICRA]A2+

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