

October 21, 2022

Virchow Laboratories Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short Term-Non-Fund Based-Others	9.00	9.00	[ICRA]A2 ISSUER NOT COOPERATING; Withdrawn
Long Term-Fund Based-Cash Credit	50.00	50.00	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING; Withdrawn
Total	59.00	59.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Virchow Laboratories Limited at the request of the company and based on the No Objection Certificate/Closure Certificate received from the banker. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, Key Financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here.](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal of Credit Ratings Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1982, VLL is the flagship company of the Hyderabad-based Virchow Group, promoted by Dr. N. Venkata Reddy, Mr. M. Narayana Reddy, Mr. L. V. Subba Reddy, Mr. Ravindra Reddy and their families. VLL has three subsidiaries—Andhra Organics Limited (AOL), Virchow Healthcare Private Limited (VHPL) and Virchow Drugs Limited (VDL, rated [ICRA]BBB (Stable)/[ICRA]A3+; ISSUER NOT COOPERATING). While VDL specialises in manufacturing intermediates and Active Pharmaceutical Ingredient for the domestic and export markets, VHPL manufactures and markets formulated products for export markets.

VLL, along with AOL, is a leading producer of SMX (an API for antibiotic). AOL is involved in the manufacturing of CIS Lactum (an advanced intermediate used in manufacturing diltiazem (cardiovascular)), TMP (used as a synergic combination with SMX to make co-trimoxazole) and sildenafil citrate (pulmonary arterial hypertension), besides sulfamethoxazole.

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

		Current Rating (FY2023)					Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. Crore)	Amount Outstanding	Date & Rating in		Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					October 21, 2022	May 27, 2022			
1	Non-Fund Based	Short Term	9.00	-	[ICRA]A2 ISSUER NOT COOPERATING; Withdrawn	[ICRA]A2 ISSUER NOT COOPERATING	[ICRA]A1+	-	[ICRA]A1+
2	Cash Credit	Long Term	50.00	-	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING; Withdrawn	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING	[ICRA]A+ (Stable)	-	[ICRA]A+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-Fund Based	Very Simple
Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Non-Fund Based	-	-	-	9.00	[ICRA]A2 ISSUER NOT COOPERATING; Withdrawn
NA	Cash Credit	-	-	-	50.00	[ICRA]BBB+(Stable) ISSUER NOT COOPERATING; Withdrawn

Source: Virchow Laboratories Limited

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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