

Rating Update

September 25, 2019 | Mumbai

Alchemist Limited

Update as on September 25, 2019

This update is provided in continuation of the rating rational below.

The key rating sensitivity factors for the rating include:

- Timely servicing of debt

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, CRISIL seeks regular updates from companies on the business and financial performance. CRISIL is, however, awaiting adequate information from Alchemist Limited (AL) which will enable us to carry out the rating review. CRISIL will continue provide updates on relevant developments from time to time on this credit.

CRISIL also identifies information availability risk as a key credit factor in the rating assessment as outlined in its criteria 'Information Availability Risk in Credit Ratings'.

About the group

AL was initially established as a private limited company in 1988 by Dr K D Singh under the name, Toubro Infotech & Industries Ltd (TIIL). TIPL was reconstituted as AL when it came out with its initial public offering in 1994. AL has grown into a diversified corporation with operations in chemical trading, pharmaceuticals, food-processing, floriculture, and steel.

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Rating Rationale

September 28, 2018 | Mumbai

Alchemist Limited

Rating Migrated to 'CRISIL D'

Rating Action

Total Bank Loan Facilities Rated	Rs.32.5 Crore
Long Term Rating	CRISIL D (Migrated from 'CRISIL D ISSUER NOT COOPERATING'*)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

*Issuer did not cooperate; based on best-available information

Detailed Rationale

Due to inadequate information, CRISIL, in line with Securities and Exchange Board of India guidelines, had migrated its ratings on the bank facilities of Alchemist Limited (AL; a part of the Alchemist group) to 'CRISIL D Issuer Not Cooperating'. However, AL has subsequently shared the requisite information necessary for carrying out a comprehensive review of the ratings. Consequently, CRISIL is migrating its ratings from 'CRISIL D Issuer Not Cooperating' to **'CRISIL D'**

The rating reflects delays in servicing the interest and repayment obligation were reported due to weak liquidity, high total outside liabilities to tangible network ratio and weak operating profitability. These rating weaknesses are partially offset by long track record and diversified operations.

Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of AL and its subsidiaries Alchemist Infrastructures Pvt Ltd (AIPL), and Alchemist Hospitality Group Ltd (AHGL). This is because these subsidiaries, collectively referred to as the Alchemist group, are wholly owned by AL, and all the companies are under a common management.

ROC Foods Limited (ROC; formerly known as Alchemist Foods Ltd) has been deconsolidated as currently AL holds only 25% of ROC's share as compared to the previous 85%.

Alchemist Enterprise(S) Pte Ltd is non-operational and has been wound up.

Key Rating Drivers & Detailed Description

Weaknesses

* Weak liquidity

Delays in servicing the interest and repayment obligation were reported due to weak liquidity.

* High total outside liabilities to tangible network ratio

Leverage is negative due to negative network of Rs -110.8 crore as on March 31, 2018.

* Weak profitability

Operating margin was negative at -35.5 % in fiscal 2018.

Strengths

* Long track record and diversified operations

Founded in 1981 by Dr K D Singh, the Alchemist group has presence in diverse industries such as food processing, restaurants, pharmaceuticals, steel mesh, and floriculture. The group is also one of the few Indian players undertaking integrated poultry farming with a vertically integrated poultry-processing plant at Banmajra (Punjab).

About the Company

AL was initially established in 1988 as Toubro Infotech & Industries Ltd, a private-limited company by Dr K D Singh; it got reconstituted as AL when it came out with its initial public offering in 1994. AL has grown into a diversified corporation with operations in chemical trading, pharmaceuticals, food-processing, floriculture, and steel.

AIPL and AHGL are currently not operational.

Key Financial Indicators

Particulars	Unit	2018	2017
Revenue	Rs.Cr	26.6	24.3
Profit After Tax (PAT)	Rs.Cr	-16.8	-107.20
PAT Margin	%	-63.2	-439.9
Adjusted debt/adjusted Networth	Times	-6.7	-7.7
Interest coverage	Times	-5.5	-12.0

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
NA	Cash Credit	NA	NA	NA	3.50	CRISIL D
NA	Term Loan	NA	NA	Mar-2020	7.18	CRISIL D
NA	Proposed Long-Term Bank Loan Facility	NA	NA	NA	21.82	CRISIL D

Annexure - Rating History for last 3 Years

Instrument	Current			2018 (History)		2017		2016		2015		Start of 2015
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	32.50	CRISIL D	29-06-18	CRISIL D/ CRISIL D (Issuer Not Cooperating)*	28-03-17	CRISIL D/ CRISIL D			15-12-15	CRISIL D/ CRISIL D	CRISIL B+/Stable/ CRISIL A4
										30-09-15	CRISIL B/Stable/ CRISIL A4	

All amounts are in Rs.Cr.

*Issuer did not cooperate; based on best-available information

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	3.5	CRISIL D	Cash Credit	3.5	CRISIL D/Issuer Not Cooperating
Proposed Long Term Bank Loan Facility	21.82	CRISIL D	Proposed Long Term Bank Loan Facility	19.82	CRISIL D/Issuer Not Cooperating
Term Loan	7.18	CRISIL D	Proposed Short Term Bank Loan Facility	2	CRISIL D/Issuer Not Cooperating
--	0	--	Term Loan	7.18	CRISIL D/Issuer Not Cooperating
Total	32.5	--	Total	32.5	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Framework for Assessing Information Adequacy Risk](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Criteria for Consolidation](#)

[CRISILs Criteria for rating short term debt](#)

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