

Press Release

Scott Edil Pharmacia Limited (SEPL),

December 27, 2019



Rating Update

Total Bank Facilities Rated*	Rs.85.00 Cr. #
Long Term Rating	ACUITE A- Issuer not co-operating*
Short Term Rating	ACUITE A2+ Issuer not co-operating*

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

Acuité has revised the long-term rating to '**ACUITE A-**' (**read as ACUITE A minus**) and the short term rating of '**ACUITE A2+**' (**read as ACUITE A two plus**) on the Rs.85.00 crore bank facilities of Scott Edil Pharmacia Limited. This rating is now an indicative rating and is based on best available information.

Scott Edil Pharmacia Limited (SEPL) was incorporated in 2003 by Mr. B.K. Agarwal, Mr. Sanjeev Agarwal and Mrs. Vaishali Agarwal. The company is engaged in the manufacturing of generic drugs, ointments, ophthalmic drops, syrups, injections and other pharmaceutical products. SEPL has an installed capacity of 2400 million tablets, 480 million capsules, 45 million syrups, 60 million injections and 30 million ointments.

About the Group

Scott Edil Group (SEG) was established in 2003 with the incorporation of SEPL by the Agarwal family. The group is engaged in the manufacturing of capsules, tablets, syrups, liquid injection, dry injection, topical preparations and ophthalmic preparations. SEG has its manufacturing facilities located at Baddi, Himachal Pradesh. The group markets its products over 485 own brands through a Pan-India distribution network of authorized distributors and stockists. SEG also undertakes contract manufacturing for marquee players like Abbot Healthcare Limited (AHL), Alembic Pharmaceuticals, Zydus Healthcare Limited (ZHL), Wockhardt Limited and Lupin Limited among several others and also supplies pharmaceutical products to several state and central government institutions. SEG caters to the export market by supplying generic drugs and other products to institutional players and pharmaceutical companies in Sri Lanka, Nigeria, Philippines, Syria, Turkey, Jordan, Afghanistan, Iran, Panama among several others.

Analytical Approach

Acuité has taken a consolidated view of the financial and business risk profiles of Scott Edil Pharmacia Limited (SEPL), Ion Healthcare Private Limited (IPL) and Scott Edil Advance Research Laboratories & Education Limited (SEARLE). The consolidation is on account of the common management, similarities in the line of business and presence of significant operational and business synergies. Together these companies have been referred to as the Scott Edil Group (SEG).

Non-cooperation by the issuer/borrower: Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Limitation regarding information availability: The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity- Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	629.07	619.49
PAT	Rs. Cr.	15.47	3.69
PAT Margin	(%)	2.46	0.60
Total Debt/Tangible Net Worth	Times	0.83	0.93
PBDIT/Interest	Times	2.24	2.08

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

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
October 08, 2018	Cash Credit	Long term	45.00	ACUITE A-/Stable (Upgraded)
	Working capital demand loan	Long term	30.00 (Enhanced from Rs.15.00 crore)	ACUITE A-/Stable (Upgraded)
	Letter of Credit	Short term	10.00	ACUITE A2+ (Upgraded)
	Letter of Credit	Long term	15.00	ACUITE A2 (Withdrawn)
July 20, 2017	Cash Credit	Long term	60.00	ACUITE BBB+/Stable (Assigned)
	Letter of Credit	Short term	25.00	ACUITE A2 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	45.00	ACUITE A- Issuer not co-operating*
Working capital demand loan	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A- Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A2+ Issuer not co-operating

*The issuer did not co-operate; based on best available information.

Contacts

Analytical	Rating Desk
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<p>Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in</p> <p>Aditya Singh Ratings Analyst - Rating Operations Tel: 011-49731303 aditya.singh@acuite.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in</p>
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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