

Press Release

Ion Healthcare Private Limited (IHPL)

December 27, 2019

Rating Update



Total Bank Facilities Rated*	Rs.18.25 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.18.25 crore bank facilities of Ion Healthcare Private Limited. This rating is now an indicative rating and is based on best available information.

Ion Healthcare Private limited (IHPL) was incorporated in 2004 and subsequently acquired by Mr. B.K. Agarwal, Mr. Sanjeev Agarwal and Mrs. Vaishali Agarwal in 2014, presently being controlled and managed by Sh. Atul Kumar Agrawal & Sh. Leela Krishna Varshney. IHPL is engaged in the manufacturing of generic drugs, ointments, ophthalmic drops, syrups, injections and other pharmaceutical products. The company has an installed capacity to produce 430 million tablets, 135 million capsules, 25 million syrups and 18 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 (IHPL) 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). Acuite endeavored to gather information about the entity / industry from the public domain. Therefore, Acuite 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

Acuite 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	13.00	ACUITE A-/Stable (Upgraded)
	Term Loan	Long term	1.89	ACUITE A-/Stable (Upgraded)
	Letter of Credit	Short term	2.00	ACUITE A2+ (Upgraded)
	Proposed Bank Facility	Long term	1.36	ACUITE A-/Stable (Upgraded)
July 21, 2017	Cash Credit	Long term	13.00	ACUITE BBB+/Stable (Assigned)
	Term Loan	Long term	3.25	ACUITE BBB+/Stable (Assigned)
	Letter of Credit	Short term	2.00	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	13.00	ACUITE A- Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.89	ACUITE A- Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A2+ Issuer not co-operating

Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.36	ACUITE A- Issuer not co-operating*
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*The issuer did not co-operate; based on best available information.

Contacts

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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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