



Press Release
SEUTIC PHARMA PRIVATE LIMITED
March 24, 2025
Rating Assigned and Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.20	ACUITE C Assigned	-
Bank Loan Ratings	11.88	ACUITE D Assigned	-
Bank Loan Ratings	4.00	ACUITE D Downgraded	-
Bank Loan Ratings	10.00	-	ACUITE D Downgraded
Total Outstanding Quantum (Rs. Cr)	27.08	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long term rating from ‘ACUITE B’ (read as ACUITE B) to ‘ACUITE D’ (read as ACUITE D) and the short term rating from ‘ACUITE A4’ (read as ACUITE A four) to ‘ACUITE D’ (read as ACUITE D) on the Rs. 14 Cr. bank facility of Seutic Pharma Private Limited.

Acuite has assigned the long term rating to ‘ACUITE C’ (read as ACUITE Co) on the Rs.1.20 Cr. bank facility of Seutic Pharma Private Limited.

Acuite has assigned the long term rating to ‘ACUITE D’ (read as ACUITE Do) on the Rs.11.88 Cr. bank facility of Seutic Pharma Private Limited.

Rationale for Downgrade

As per the lender’s feedback, there has been delays of four to five days in servicing of interest and instalments on term loan as well as cash credit account by the group (Seutic Labs Private Limited & Seutic Pharma Private Limited) in February, 2025. in February, 2025.

About the Company

Seutic Pharma Private Limited was Established in The Year 2014 at Jeedimetla, Hyderabad, Telangana, India. The Present Directors Of The Company are Mr.Venkata Siva Vara Prasad Valivarthi, Mrs.Padma Valivarthi. It is engaged in manufacturing bulk drug Intermediaries.

About the Group

Seutic Labs Private Limited

Seutic Labs Private Limited Is Established in The Year 2016 At Kukatpally, Hyderabad, Telangana, India. The Present Directors Of The Company are Mr.Venkata Siva Vara Prasad Valivarthi, Mrs.Padma Valivarthi. It is engaged in manufacturing bulk drug Intermediaries.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Seutic Labs Private Limited and Seutic Pharma Private Limited (referred to as Seutic Group). The consolidation is in view of the common ownership, and similar line of business.

Key Rating Drivers

Strengths

Established relationships with large pharmaceutical likely to support future business prospects

The group has been engaged in manufacturing and marketing APIs and advanced intermediates. SPPL is a supplier to various pharmaceutical companies in India. The group's customer base comprises many reputed players in the pharmaceutical industry, including Glenmark Life Sciences Limited. The promoters' experience of over a decade in the bulk drug manufacturing business have helped the group to established healthy relationships with its customer and is expected to continue receives benefits from the promoters over the medium term as well.

Steady business risk profile

The revenue from operations of the group stood at Rs.189.42 crore in FY2024 as compared to Rs.191.55 crore in FY2023 and Rs.185.34 crore in FY2022. The EBITDA and PAT margin of the group stood at 7.31% and 0.81% respectively in FY2024 as against 5.73% and 0.80% respectively in FY2023. Further, the group has unexecuted order book of Rs.41.73 Cr. as on 17 th February, 2025.

Weaknesses

Intensive Working capital operations

The working capital operations of the group are intensive marked by GCA days of 216 days as on 31st March 2024 as compared to 185 days as on 31 st March 2023. Further, the debtor days stood at 73 days as on 31st March 2024 as compared to 55 days in the previous year. On the other hand, the creditor days stood at 111 days as on 31st March 2024 as compared to 86 days as 31st March 2023. The inventory days of the group stood at 146 days as on 31st March 2024 as compared to 128 days as on 31st March 2023. Further, working capital limits stood at an average of 90.90% for the last six months ended February 2025.

Average Financial Risk Profile

The financial risk profile of the group is marked by net worth of Rs.17.18 Crore in FY24 and Rs.15.64 Cr. in FY23. The increase in the net-worth is on an account of accretion of profits into reserves. The capital structure of the group is marked by gearing ratio which stood at 3.93 times as on 31st March 2024 against 4.07 times as on 31st March 2023. Further, the coverage indicators of the group are reflected by interest coverage ratio and debt service coverage ratio which stood at 1.59 times and 1.00 times respectively as on 31st March 2024 as against 2.06 times and 1.11 times respectively as on 31st March 2023.

Rating Sensitivities

- Timely repayment of term loan obligations.
- Working capital cycle.

Liquidity Position

Poor

The liquidity profile of the group is poor marked by insufficient net cash accruals which stood at Rs.4.53 Cr. in FY2024 against maturing debt obligation of Rs.4.56 Cr. in the same period. Further, as per the lender's feedback there have been delays of four to five days in servicing of interest and instalments on term loan as well as cash credit account by the group (Seutic Labs Private Limited & Seutic Pharma Private Limited) in the month of February, 2025.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	189.42	191.55
PAT	Rs. Cr.	1.53	1.53
PAT Margin	(%)	0.81	0.80
Total Debt/Tangible Net Worth	Times	3.93	4.07
PBDIT/Interest	Times	1.59	2.06

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Oct 2024	Bills Discounting	Short Term	10.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	2.00	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
	Term Loan	Long Term	2.00	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
19 Jul 2023	Bills Discounting	Short Term	10.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	2.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
26 Apr 2022	Bills Discounting	Short Term	10.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	2.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE D Downgraded (from ACUITE A4)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE D Downgraded (from ACUITE B)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE D Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.05	Simple	ACUITE C Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2027	4.88	Simple	ACUITE D Assigned
Sundaram Finance Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2026	1.15	Simple	ACUITE C Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Seutic Labs Private Limited
2	Seutic Pharma Private Limited

Contacts

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About Acuité Ratings & Research

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