

May 13, 2021

## Shilpa Medicare Limited: Ratings withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund Based Working Capital	100.00	100.00	[ICRA]A (Stable); Withdrawn
Long-term Fund-based – Term Loan	250.00	250.00	[[ICRA]A (Stable); Withdrawn
Short -term – Fund Based Working Capital	25.00	25.00	[ICRA]A1; Withdrawn
Short -term – Non-fund Based Working Capital	15.00	15.00	[ICRA]A1; Withdrawn
<b>Total</b>	<b>390.00</b>	<b>390.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The rating assigned to Shilpa Medicare Limited (SML) has been withdrawn at the request of the company and upon receipt of no objection certificate from the bankers, in accordance with ICRA's policy on withdrawal and suspension of credit rating. 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position, Rating sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn.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	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for entities in pharmaceutical industry</a> <a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the company

### About the company

Incorporated in 1987 and listed in 1995, SML is promoted by Mr. Vishnukant Bhutada. The company manufactures niche APIs, intermediates, and formulations and also undertakes CRAMS for some of its customers. SML began operations as a small-scale unit, manufacturing antibiotics with a turnover of Rs. 0.1 crore and with a workforce of 20. It has now become an integrated pharmaceutical company with seven facilities (six in India and one in Austria) and three R&D centres with consolidated revenues of Rs. 733.7 crore in FY2019. Its facilities are approved by various regulatory authorities.

While the majority of the company's revenues are currently derived from the API segment, it has also developed the capability and facility for oncology-based formulations and commenced commercial production for the US market in FY2017. While SML has already launched its generic versions of azacitidine and capecitabine in the US market, the formulations segment in the US market is expected to drive value growth for the company in the medium to long term.

## Key financial indicators (audited)

Consolidated	FY2019	FY2020
Operating Income (Rs. crore)	733.7	908.2
PAT (Rs. crore)	117.5	154.9
OPBDIT/OI (%)	21.1%	23.7%
PAT/OI (%)	16.0%	17.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.4	0.5
Total Debt/OPBDIT (times)	1.3	1.8
Interest Coverage (times)	42.1	47.1

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Mar 31, 2020 (Rs. crore)	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					May 13, 2021			
1	Fund-based facilities	Long Term	100.0	NA	[ICRA]A (Stable); Withdrawn	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)
2	Fund-based term loans	Long Term	250.0	224.6	[ICRA]A (Stable); Withdrawn	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)
3	Fund-based facilities	Short Term	25.0	NA	[ICRA]A1; Withdrawn	[ICRA]A1	[ICRA]A1	[ICRA]A1
4	Non-fund based facilities	Short Term	15.0	NA	[ICRA]A1; Withdrawn	[ICRA]A1	[ICRA]A1	[ICRA]A1

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund Based Working Capital	Simple
Long-term Fund-based – Term Loan	Simple
Short -term – Fund Based Working Capital	Simple
Short -term – Non-fund Based Working Capital	Very 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 analyzing 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](http://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	Fund-based facilities	NA	NA	NA	100.0	[ICRA]A (Stable); Withdrawn
NA	Fund-based term loans	FY2016/ FY2019/ FY2020	8.0%-8.9%	FY2022/ FY2024/ FY2025	250.0	[ICRA]A (Stable); Withdrawn
NA	Fund-based facilities	NA	NA	NA	25.0	[ICRA]A1; Withdrawn
NA	Non-fund based facilities	NA	NA	NA	15.0	[ICRA]A1; Withdrawn

**Source:** Company

#### Annexure-2: List of entities considered for consolidated analysis (as on March 31, 2020)

Company Name	Ownership	Consolidation Approach
Zatortia Holdings Limited	100.00%	Full Consolidation
Loba Feinchemie GmbH (step-down)	99.99%	Full Consolidation
Shilpa Therapeutics Private Ltd	100.00%	Full Consolidation
Makindus. Inc	55.78%	Full Consolidation
INM Technologies Private Limited	75.00%	Full consolidation
Koanaa Healthcare Limited	100.00%	Full consolidation
Koanaa Healthcare GmbH	100.00%	Full consolidation
Reva Pharmachem Private Limited	33.33%	Equity Method
Maia Pharmaceuticals Inc.	34.79%	Equity Method
Reva Medicare Private Limited	50.01%	Equity Method
Sravathi Advance Process Tech Private Limited	65.00%	Equity Method
INM Nuvent Paints Private Limited	75.00%	Full consolidation
Shilpa Pharma Inc	100.00%	Full consolidation
Shilpa Biologicals Private Limited	100.00%	Full consolidation
Shilpa Albumin Private Limited	100.00%	Full consolidation

**Source:** SML annual report FY2020

**Note:** ICRA has taken a consolidated view of the parent (SML), its subsidiaries and associates while assigning the ratings.

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