

June 27, 2019

Alivira Animal Health Limited: Ratings withdrawn

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term, Non-fund Based Limits	85.00	85.00	[ICRA]A2+; withdrawn
Short-term, Fund-based Limits	60.00	60.00	[ICRA]A2+; withdrawn
Term Loan	125.00	125.00	[ICRA]BBB+ (Stable); withdrawn
Long-term – Interchangeable	(35.00)	(35.00)	[ICRA]BBB+ (Stable); withdrawn
Short-term – Interchangeable	(35.00)	(35.00)	[ICRA]A2+; withdrawn
Total	270.00	270.00	

*Instrument details are provided in Annexure-1

Rationale

The ratings have been withdrawn at the request of the company and upon receipt of the no dues certificates/ no objection certificates from the bankers, in accordance with ICRA's policy on withdrawal and suspension of credit rating.

Key rating drivers

Key rating drivers have not been captured since the ratings have been withdrawn.

Liquidity position

Liquidity position has not been captured since the ratings have been withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit rating Corporate Credit Rating Methodology
Parent / Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the Company:

Incorporated in 2013, Alivira Animal Health Limited (AAHL), wholly-owned subsidiary of Sequent Scientific Limited (SSL), is engaged in manufacturing veterinary APIs and formulations.

Incorporated in 1985, SSL (standalone) was engaged in the manufacturing human active pharmaceutical ingredients (APIs), which has been demerged with effect from October 01, 2017. SSL is now involved in manufacturing 'Praziquantel' – a human and animal API and intermediates. SSL's wholly-owned subsidiary - Sequent Research Limited - offers analytical services to pharmaceutical industry. SSL's (consolidated) portfolio consists of about 23 commercial products in animal health API and 450 products across 12 dosage forms. Post demerger of the human API business, it has seven manufacturing facilities across India, Spain, Turkey, Brazil and Germany.

In FY2019, SSL (consolidated) reported a profit after tax (PAT) of Rs. 56.9 crore on an operating income (OI) of Rs. 1,039.3 crore, as against a PAT of Rs. 430.8 crore (including an after-tax profit of Rs. 396.3 crore from discontinued operation) on an OI of Rs. 847.8 crore in FY2018.

In FY2018, AAHL (consolidated) reported a PAT of Rs. 7.8 crore on an OI of Rs. 833.7 crore, as against a net loss of Rs. 3.8 crore on an OI of Rs. 657.9 crore in FY2017.

Key financial indicators (audited, consolidated)

SSL (Consolidated)	AAHL Consolidated		SSL Consolidated	
	FY2017	FY2018	FY2018*	FY2019*
Operating Income (Rs. crore)	657.9	833.7	847.8	1,039.3
PAT (Rs. crore)	-3.8	7.8	430.8	56.9
OPBDIT/ OI (%)	13.0%	12.9%	9.8%	12.0%
RoCE (%)	5.0%	10.0%	40.7%	9.3%
Total Debt/ TNW (times)	1.7	2.0	0.4	0.4
Total Debt/ OPBDIT (times)	4.4	3.8	3.1	2.5
Interest Coverage (times)	2.5	2.6	2.5	3.8

** based on the financials published on BSE*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years					
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & rating June 2019	Date & Rating in FY2019 July 2018	Date & Rating in FY2018			Date & Rating in FY2017	
						March 2018	November 2017	October 2017	March 2017	
1 Term Loan	Long-term	125.00	90.10*	[ICRA]BBB+ (Stable); withdrawn	[ICRA]B BB+ (Stable)	[ICRA]B BB+ (Stable)	Provisional [ICRA]BBB+ (SO)&; withdrawn	Provisional [ICRA]BBB+ (SO)&	Provisional [ICRA]BBB+ (SO)&	Provisional [ICRA]BBB+ (SO)&
3 Fund-based Limits	Short-term	60.00	-	[ICRA]A2+; withdrawn	[ICRA]A 2+	[ICRA]A 2+	[ICRA]A2+ (SO)&	[ICRA]A2+ (SO)&	[ICRA]A2+ (SO)&	[ICRA]A2+ (SO)&
4 Non-fund Based Limits	Short-term	85.00	-	[ICRA]BBB+ (Stable); withdrawn	[ICRA]B BB+ (Stable)	[ICRA]B BB+ (Stable)	[ICRA]BBB+ (SO) &	[ICRA]BBB+ (SO) &	[ICRA]BBB+ (SO) &	[ICRA]BBB+ (SO) &
5 Interchangeable Limits	Long-term	(35.00)	-	[ICRA]BBB+ (Stable); withdrawn	[ICRA]B BB+ (Stable)	[ICRA]B BB+ (Stable)	-	-	-	-
6 Interchangeable Limits	Short-term	(35.00)	-	[ICRA]A2+; withdrawn	[ICRA]A 2+	[ICRA]A 2+	-	-	-	-

*As on March 31, 2018; &-> on rating watch with developing implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Feb-14	11.70%	Nov-22	125.00	[ICRA]BBB+ (Stable); withdrawn
NA	Standby Letter of Credit	-	-	-	55.00	[ICRA]A2+; withdrawn
NA	Letter of Credit	-	-	-	30.00	[ICRA]A2+; withdrawn
NA	Pre-shipment Export	-	-	-	25.00	[ICRA]A2+; withdrawn
NA	Packing Credit	-	-	-	35.00	[ICRA]A2+; withdrawn
NA	Pre-shipment Export	-	-	-	35.00***	[ICRA]A2+; withdrawn
NA	Working Capital Den	-	-	-	35.00***	[ICRA]A2+; withdrawn
NA	Export Post-shipment	-	-	-	25.00*	[ICRA]A2+; withdrawn
NA	Purchase Bill Discount	-	-	-	25.00*	[ICRA]A2+; withdrawn
NA	Invoice Financing	-	-	-	25.00*	[ICRA]A2+; withdrawn
NA	Working Capital Den	-	-	-	25.00*	[ICRA]A2+; withdrawn
NA	Cash Credit	-	-	-	25.00^	[ICRA]BBB+ (Stable); withdrawn
NA	Cash Credit	-	-	-	35.00***	[ICRA]BBB+ (Stable); withdrawn
NA	Bank Guarantee	-	-	-	30.00**	[ICRA]A2+; withdrawn

*Sublimit of 25.00 crore of pre-shipment export credit facility

**Sublimit of Rs. 30.00 crore of letter of credit facility

***Sublimit of Rs. 35.00 crore of packing credit

^Sublimit of Rs. 25.00 crore of pre-shipment export credit facility

^^Sublimit of Rs. 25.00 crore of letter of credit facility

Source: Alivira Animal Health Limited

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