March 10, 2022

# Jagsonpal Pharmaceuticals Limited: Update on Material Event

## Summary of rating outstanding

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action (Outstanding) |
|---|---|---|---|
| Long-term/ Short-term – Fund Based/Non-fund based | 1.80 | 1.80 | [ICRA]BBB(Stable)/[ICRA]A3+ |
| **Total** | **1.80** | **1.80** | |

**Instrument details are provided in Annexure-1*

## Rationale

### Material Event:

The company announced a mandatory Open Offer on February 21, 2022 for 68,11,480 equity shares constituting 26% of the shareholding of Jagsonpal Pharmaceuticals Limited (JPL) at a share price of Rs. 235 per share. The detailed public document and Draft Letter of Offer were published on February 28, 2022 and March 04, 2022 respectively. The offer was triggered due to the acquisition of 43.73% of JPL's shareholding by Infinity holdings, a Mauritus based open-ended fund from Aresko Progressive Private Limited (one of the promoter's trusts), as mandated by Securities Exchange Board of India's (SEBI's) regulations.

### Impact of Material Event:

With the debt free status and improving margin profile, the company's credit metrics are expected to be comfortable without any major impact in the near term. Any debt-funded business expansion or business decisions which could impact credit metrics would remain a key rating sensitivity.

## Analytical approach

| Analytical Approach | Comments |
|---|---|
| **Applicable Rating Methodologies** | Corporate Credit Rating Methodology<br>Rating Methodology for Entities in the Pharmaceuticals Industry |
| **Parent/Group Support** | Not Applicable |
| **Consolidation/Standalone** | Standalone |

## About the company

Incorporated in 1964 and promoted by the Kochchar family, JPL is involved in manufacturing generic pharmaceutical formulations. While the company has product offerings covering a wide area of other therapeutics as well, women healthcare and gynaecology remains the key areas of its R&D and sales. It generates 30-40% of its sales from the gynaecology segment, followed by the anti-arthritis segment, which contributes to nearly 20-25% of the sales. Some of the key therapeutic areas covered by JPL's products include allergy management, immunity and cell protection, dentist and ENT, women healthcare, pregnancy care, bone and joint care.

The company is listed on the Bombay Stock Exchange (BSE). While JPL's facility is in Faridabad, nearly 90% of the manufacturing is outsourced to third-party manufacturers through loan licensing arrangement. For 9M FY2022, the company has reported revenues of Rs. 174 crore at OPM of 14.5% compared to Rs. 145 crore and OPM of 9.6% during 9m FY2021.

## Key financial indicators (audited)

| JPL | FY2020 | FY2021 | 9M FY2022* |
|---|---|---|---|
| Operating Income (Rs. crore) | 158.6 | 187.9 | 174.0 |
| PAT (Rs. crore) | 7.9 | 17.1 | 19.6 |
| OPBDIT/OI (%) | 5.4% | 10.2% | 14.5% |
| PAT/OI (%) | 5.0% | 9.1% | 11.2% |
| Total Outside Liabilities/Tangible Net Worth (times) | 0.4 | 0.4 | - |
| Total Debt/OPBDIT (times) | 0.8 | 0.4 | - |
| Interest Coverage (times) | 16.6 | 37.2 | 109.4 |

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

## 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 December 31, 2021 (Rs. crore) | Date & Rating | Date & Rating in FY2022 | Date & Rating in FY2021 | | Date & Rating in FY2019 |
| | | | | | March 10, 2022 | Sept 30, 2021 | Mar 4, 2021 | Aug 19, 2020 | Feb 7, 2019 |
| **1.** | Non-fund based | Long-term | - | - | - | - | [ICRA]BBB- (Positive) | [ICRA]BBB- (Stable) | [ICRA]BB+ (Stable) |
| **2.** | Non-fund based | Short-term | - | - | - | - | [ICRA]A3 | [ICRA]A3 | [ICRA]A4+ |
| **3.** | Fund based/Non-fund based | Long-term / Short term | 1.80 | - | [ICRA]BBB (Stable)/ [ICRA]A3+ | [ICRA]BBB (Stable)/ [ICRA]A3+ | - | - | - |

*&= Under watch with developing implications*

## Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|---|
| Long-term / Short-term – Fund Based/Non Fund Based | 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 | Coupon Rate | Maturity | Amount Rated (RS Crore) | Current Rating and Outlook |
|---|---|---|---|---|---|---|
| NA | Fund Based/Non-Fund Based-Others | NA | NA | NA | 1.80 | [ICRA]BBB(Stable)/[ICRA]A3+ |

***Source:*** *Company*

### Annexure-2: List of entities considered for consolidated analysis -Not applicable

## ANALYST CONTACTS


**Shamsher Dewan**
+91 124 4545328
shamsherd@icraindia.com

**Kinjal Shah**
+91 22 6114 3442
kinjal.shah@icraindia.com

**Sheetal Sharad**
+91 124 4545374
sheetal.sharad@icraindia.com

**Dishant Mahajan**
+91 124 4545318
dishant.mahajan@icraindia.com


## RELATIONSHIP CONTACT


**Jayanta Chatterjee**
+91 80 4332 6401
jayantac@icraindia.com


## MEDIA AND PUBLIC RELATIONS CONTACT


**Ms. Naznin Prodhani**
Tel: +91 124 4545 860
communications@icraindia.com


## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

## ICRA Limited

### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

### Branches