

June 27, 2019

Sequent Scientific Limited: Ratings withdrawn

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	27.42	27.42	[ICRA]BBB+ (Stable); withdrawn
Long-term, Fund-based Limits	71.00	71.00	[ICRA]BBB+ (Stable); withdrawn
Short-term, Non-fund Based Limits	69.00	69.00	[ICRA]A2+; withdrawn
Long-term – Interchangeable	(25.00)	(25.00)	[ICRA]BBB+ (Stable); withdrawn
Short-term – Interchangeable	(50.00)	(50.00)	[ICRA]A2+; withdrawn
Total	167.42	167.42	

*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The ratings have been withdrawn at the request of the company and upon receipt of the no dues certificates / no objection certificates from the bankers, in accordance with ICRA's policy on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Key rating drivers have not been captured since the ratings have been withdrawn.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Liquidity position has not been captured since the ratings have been withdrawn.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 1985, Sequent Scientific Limited (SSL) has a presence in animal active pharmaceutical ingredients (APIs) and veterinary formulations and bioanalytical services. Until September 2017, SSL (standalone) was engaged in manufacturing human APIs, but this segment was demerged, following which SSL became a pure-play animal health company. At present, SSL (consolidated) manufactures veterinary APIs and formulations in its wholly-owned subsidiary, Alivira Animal Health Limited (AAHL), and offers analytical services to the pharmaceutical industry through another wholly-owned subsidiary - Sequent Research Limited (SRL). SSL's (consolidated) portfolio consists of about 23 commercial products in animal health APIs and 450 products across 12 dosage forms. Post demerger of the human API business, it has six manufacturing facilities across India, Spain, Turkey and Brazil.

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.

Key financial indicators (audited, consolidated)

	FY2018*	FY2019*
Operating Income (Rs. crore)	847.8	1,039.3
PAT (Rs. crore)	430.8	56.9
OPBDIT/ OI (%)	9.8%	12.0%
RoCE (%)	40.7%	9.3%
Total Debt/ TNW (times)	0.4	0.4
Total Debt/ OPBDIT (times)	3.1	2.5
Interest Coverage (times)	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 FY2019	Date & Rating FY2018 March 2018	Date & Rating in FY2017 March 2017
1 Term Loans	Long-Term	27.42	17.42*	[ICRA]BBB+ (Stable); withdrawn	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ &
2 Fund-based Limits	Long-Term	71.00	-	[ICRA]BBB+ (Stable); withdrawn	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ &
3 Non-fund Based Limits	Short-Term	69.00	-	[ICRA]A2+; withdrawn	-	[ICRA]A2+	[ICRA]A2+&
4 Interchangeable Limits	Long-term	(25.00)	-	[ICRA]BBB+ (Stable); withdrawn	-	[ICRA]BBB+ (Stable)	-
5 Interchangeable Limits	Short-term	(50.00)	-	[ICRA]A2+; withdrawn	-	[ICRA]A2+	-

*As on September 30, 2017; &-> 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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan-I	August 2016	11.20%	September 2020	13.97	[ICRA]BBB+ (Stable); withdrawn
NA	Term Loan-II	August 2016	11.20%	October 2018	13.45	[ICRA]BBB+ (Stable); withdrawn
NA	Pre-shipment Export Credit	-	-	-	71.00	[ICRA]A2+; withdrawn
NA	Post-shipment Export Credit	-	-	-	71.00*	[ICRA]A2+; withdrawn
NA	Invoice Financing	-	-	-	71.00*	[ICRA]A2+; withdrawn
NA	Working Capital Demand Loan	-	-	-	36.00*	[ICRA]A2+; withdrawn
NA	Cash Credit	-	-	-	46.00*	[ICRA]BBB+ (Stable); withdrawn
NA	Letter of Credit	-	-	-	69.00	[ICRA]A2+; withdrawn
NA	Bank Guarantee	-	-	-	29.00**	[ICRA]A2+; withdrawn

*Sublimit of Rs. 71.00 crore of pre-shipment credit

**Sublimit of Rs. 69.00 crore of letter of credit

Source: Sequent Scientific Limited

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About ICRA Limited:

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