

Ecron Acunova Limited

March 13, 2024

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	11.16	CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	15.00	CARE D / CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Ecron Acunova Limited (Ecron) to monitor the ratings vide e-mail communications dated February 26, 2024, February 28, 2024, March 04, 2024, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Ecron's bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***. **Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings assigned to the bank facilities of Ecron are constrained due to delay of debt servicing in the bank facilities and poor liquidity position of the company.

Analytical approach: Consolidated.

CARE Ratings had taken consolidated financials of Ecron Acunova along with subsidiaries - Navitas Life Sciences Company Limited, Thailand, and Navitas LLP, India along with factoring in linkages with TAKE group.

Detailed description of the key rating drivers:

At the time of last rating on September 06, 2023, the following were the rating strengths and weaknesses (updated for the FY23(A) information available from Registrar of Companies (RoC))

Key weaknesses

Delays in debt servicing:

The liquidity position of the group has been poor with reduced operations. And thereby, resulting in delays in debt servicing.

Reduced operations due to sale of its major subsidiary:

During May 2022, TAKE's major subsidiary TAKE Solutions Global Holdings Pte Ltd (Singapore) (TAKE Ghapte) had been sold to HIG as a part of enforced sale following the lenders of TAKE Ghapte initiating action on disposal of shares of TSL in Take Ghapte in view of continuing default on loan obligations. The enforced sale has resulted in disinvestment of 100% shareholding of TAKE Solutions in TAKE Ghapte. The divestment of TAKE Ghapte also restricted TAKE group in undertaking full-fledged clinical trials and accordingly the core Clinical Research business is no longer a portfolio in TAKE Solutions. The business that is remaining in the TAKE group is the Bio Availability & Bio Equivalence studies and a limited amount of health tech business. With this as the base, the group has to rebuild the business to scale. For FY23 (refers to the period April 01 to March 31), the company on a standalone basis had reported revenue of Rs. 100.51 crores with net loss of Rs. 41.29 crores.

Changing dynamics of global pharma industry:

The pharmaceutical industry is tightly regulated all over the world with stringent norms and regulations. Structural reforms by governments stringent regulation both in regulated and semi-regulated market, intensification of competition has led to pricing pressure impacting the profitability of the industry players. Competition and increased pricing pressure on pharma companies has resulted in cost cutting measures adopted by them to remain competitive, resulting in reduced business for the companies operating in the pharma/drug market value chain including IT service providers. This has resulted in vendor

consolidation approach adopted by pharma companies forcing tier-I/tier-II companies/service providers in the industry to move up the value chain. Pure play clinical research organizations (CRO) have also started providing IT services.

Key strengths

Long standing relationship with major pharma companies:

Clinical trials are a specialized field that requires numerous regulatory approvals, and its facilities are subject to inspection by a variety of agencies, including pharmaceutical companies and statutory organizations such as the Clinical Trial Registry, FDA, and the Drug Controller General of India. TAKE was one of the leading healthcare providers, with domain expertise and facilities that complied with all statutory regulations and were approved by the majority of large pharmaceutical companies. Despite not conducting full-fledged clinical trials, the group has strong qualification criteria, allowing it to obtain new business opportunities in Phase I trials as well as supplementary activities related to Phase II/ Phase III clinical trials. The group caters to major pharmaceutical companies in India.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Information Technology	Information Technology	IT - Services	IT Enables Services

Ecron Acunova Limited is a Clinical Research Organisation, which undertakes clinical studies including Bio equivalence and Bio Availability Studies and Phase I of Clinical Trials. The company is headquartered in Bangalore and has around 170 employees to date. The company has three subsidiaries- Acunova Life Sciences USA, which had discontinued operations in March 2023 and Navitas Life Sciences company Ltd, Thailand, which is also into clinical research. During September 2021, Ecron purchased 99.9% stake in Navitas LLP.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023(A)*
	Consolidated		Standalone
Total operating income	92.15	95.25	100.51
PBILDT	16.62	-17.40	25.72
PAT	-142.38	-74.79	-41.29
Overall gearing (times)	8.73	NM	NM
Interest coverage (times)	2.31	-2.35	3.58

A: Audited; NM: Not Meaningful; Note: 'the above results are latest financial results available'

** Since the latest consolidated financials is not available in ROC for Ecron, the standalone financials of Ecron for FY23 is considered. FY21 and FY22 are consolidated financials of Ecron.*

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	Dec 2022	3.60	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	Apr 2025	7.56	CARE D; ISSUER NOT COOPERATING*
Fund-based-LT/ST		-	-	-	15.00	CARE D / CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT*	3.60	CARE D; ISSUER NOT COOPERATING*	1)CARE D (06-Sep-23)	1)CARE C (21-Mar-23)	1)CARE C (24-Dec-21) 2)CARE BB+ (CE) (CW with Developing Implications) (08-Dec-21) 3)CARE BB+ (CE) (CW with Positive Implications)	1)CARE BB+ (CE); Negative (11-Feb-21) 2)CARE BB+ (CE); Negative (04-Jan-21) 3)CARE BBB (CE); Negative (24-Nov-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
							(17-Aug-21)	4)CARE A- (CE); Negative (10-Aug-20) 5)CARE A+ (CE); Negative (22-Jun-20) 6)CARE AA- (CE); Negative (19-May-20)
2	Fund-based-LT/ST	LT/ST	15.00	CARE D / CARE D; ISSUER NOT COOPERATING *	1)CARE D / CARE D (06-Sep-23)	1)CARE C / CARE A4 (21-Mar-23)	1)CARE C / CARE A4 (24-Dec-21) 2)CARE BB+ (CE) / CARE A4 (CE) (CW with Developing Implications) (08-Dec-21) 3)CARE BB+ (CE) / CARE A4 (CE) (CW with Positive Implications) (17-Aug-21)	1)CARE BB+ (CE); Negative / CARE A4 (CE) (11-Feb-21) 2)CARE BB+ (CE); Negative / CARE A4 (CE) (04-Jan-21) 3)CARE BBB (CE); Negative / CARE A3 (CE) (24-Nov-20) 4)CARE A- (CE); Negative

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
								/ CARE A2 (CE) (10-Aug-20) 5)CARE A+ (CE); Negative / CARE A1 (CE) (22-Jun-20) 6)CARE AA- (CE); Negative / CARE A1+ (CE) (19-May-20)
3	Fund-based - LT-Term Loan	LT	7.56	CARE D; ISSUER NOT COOPERATING *	1)CARE D (06-Sep-23)	1)CARE C (21-Mar-23)	1)CARE C (24-Dec-21) 2)CARE BB+ (CE) (CW with Developing Implications) (08-Dec-21) 3)CARE BB+ (CE) (CW with Positive Implications) (17-Aug-21)	1)CARE BB+ (CE); Negative (11-Feb-21) 2)CARE BB+ (CE); Negative (04-Jan-21) 3)CARE BBB (CE); Negative (24-Nov-20) 4)CARE A- (CE); Negative (10-Aug-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
								5)CARE A+ (CE); Negative (22-Jun-20) 6)CARE AA- (CE); Negative (19-May-20)
4	Fund-based - LT/ST-Un Supported Rating	LT/ST	-	-	-	-	1)Withdrawn (24-Dec-21) 2)CARE BB / CARE A4 (CW with Developing Implications) (08-Dec-21) 3)CARE BB / CARE A4 (CW with Positive Implications) (17-Aug-21)	1)CARE BB; Negative / CARE A4 (11-Feb-21) 2)CARE BB; Negative / CARE A4 (04-Jan-21) 3)CARE BBB-; Negative / CARE A3 (24-Nov-20) 4)CARE BBB+ / CARE A2 (10-Aug-20) 5)CARE A / CARE A1 (22-Jun-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
								6)CARE A+ / CARE A1+ (19-May-20)

*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities - Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Navitas Life Sciences Company Limited, Thailand	Full	Direct subsidiary
2	Navitas LLP, India	Full	Direct subsidiary

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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