

JULY 23, 2015

CARE PLACES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF EMCURE PHARMACEUTICALS LIMITED UNDER 'CREDIT WATCH'

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	729.86	CARE AA- (Double A Minus] (Credit Watch)	Placed under 'Credit Watch'
Short-term Bank Facilities	78	CARE A1+ (A One Plus) (Credit Watch)	Placed under 'Credit Watch'
Long-term/Short-term Bank Facilities	322	CARE AA-/CARE A1+ (Double A Minus/ A One Plus) (Credit Watch)	Placed under 'Credit Watch'
Total Facilities	1129.86		

Rating Rationale

CARE has placed the ratings of bank facilities of Emcure Pharmaceuticals Limited (EPL) under 'credit watch' on account of an import alert dated July 15, 2015 issued by the U.S. Food and Drug Administration (USFDA) citing Good Manufacturing Practices (GMP) violations thereby barring import of drugs from EPL's Hinjewadi (Pune) plant. CARE is in the process of understanding the possible impact of this event on the credit profile of the company. CARE will take a view on the ratings once the implications of the same on the overall credit profile of the EPL are clear.

Background

EPL, incorporated in April 1981, by Mr Satish Mehta, is engaged in the manufacturing of formulations and Active Pharmaceutical Ingredients (APIs). The company has five manufacturing facilities in Pune and one in Jammu having accreditations by regulatory authorities such as USFDA, Therapeutic Goods Administration (TGA) - Australia, Canada Food & Drug Administration, etc. Furthermore, the company has four dedicated Research and Development (R&D) facilities for APIs and formulations.

The group is vertically-integrated with major thrust on manufacturing and marketing of formulations (own brands) as well as APIs, Contract Research and Manufacturing Services (CRAMS) and R&D activity. The group's braded formulation business caters to the regulated as well as the semi regulated markets. The group has a presence in most of the chronic therapeutic segments such as Cardiology, Nephrology, Anti-HIV, and Neurology and also has presence in acute segments such as Anti-infective, Pain Management, Dermatology, Gynecology and Pediatrics.

The Emcure group consists of EPL and all its subsidiaries, namely, GBL [rated 'CARE AA- (SO) / CARE A1+ (SO)]^{*}, Zuventus Healthcare Limited (rated 'CARE A+/CARE A1'), Emcure Pharma UK Limited, Emcure Brasil farmaceutica Ltd, Emcure

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

^{*}Rating based on credit enhancement by way of a Corporate Guarantee issued by EPL. The rating of GBL is also put under a 'credit watch'.

Pharmaceuticals South Africa (Pty) Limited, Emcure Pharmaceuticals Mena FZ LLC, Emcure Uth Healthcare Limited, Emcure Nigeria Limited.

During FY15, EPL has reported a profit after tax (PAT) of Rs.261.06 crore on total income of Rs.3,811.72 crore (on a consolidated basis) as compared with PAT of Rs.267.94 crore on a total income of Rs.2,906.00 crore during FY14.

Analyst Contact

Name: Shilpi Kochar

Tel: 020-4000 9015

Email: shilpi.kochar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. MeenalSikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. AnkurSachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, PashupatiAkshatHeights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 9413969100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, SenapatiBapat Road,
 ShivajiNagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, HimayatNagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

CIN - L67190MH1993PLC071691