

December 18, 2023^(Revised)

Intas Pharmaceuticals Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating (Outstanding)
Long-term/ Short-term; Fund-based/ Non-fund based limit	1,500	1,500	[ICRA]AA+ (Stable) / [ICRA]A1+
Total	1,500	1,500	

*Instrument details are provided in Annexure-I

Rationale

ICRA was apprised through various media releases about an import alert issued by the United States Food and Drugs Administration (USFDA) to the manufacturing facility of Intas Pharmaceuticals Limited (IPL) at Matoda (Ahmedabad, Gujarat). The facility was inspected by the USFDA between May 1, 2023 and May 12, 2023. According to the company's management, ~29 products (out of ~55-60) that are manufactured at the facility are currently exempt from the import alert.

Given that resolution of the import alert could potentially be a long-drawn process, the development will impact IPL's new product approvals and launches in the US generics market. Moreover, considering that two key formulations manufacturing facilities of IPL (at Matoda and Pharmez, Ahmedabad, Gujarat) are now under import alert, its revenues from the US market will remain subdued over the near to medium term. Moreover, its earnings are also expected to witness some moderation on account of the costs associated with the remediation measures and failure to supply penalties. However, the overall financial impact is expected to be limited owing to the relatively lower revenue share from the US market than IPL's other key markets, especially India and the European region. In FY2023, the US market generated ~15% of IPL's consolidated turnover while Europe and India continued to be the key revenue drivers with a 39% and 34% share, respectively.

IPL's credit profile continues to remain strong, supported by its established business profile, diversified operations, healthy internal accrual generation and strong liquidity position. As on September 30, 2023, IPL had total cash, cash equivalents and liquid investments of ~Rs. 3,800 crore. However, ICRA will continue to monitor the developments in this regard and their impact on IPL's performance.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Pharmaceutical Industry
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IPL. As on March 31, 2023, the company had 12 subsidiaries and 26 step-down subsidiaries, which are all enlisted in Annexure II.

About the company

Incorporated in 1985, IPL is the flagship company of the Ahmedabad-based Chudgar Group. The company commenced operations by setting up a small manufacturing facility focused on chronic therapeutic segments, including neurology and psychiatry, before gradually gaining a meaningful presence in the domestic formulations market by the 1990s. Over the years, the company has diversified into wide therapeutic areas and ventured into international markets by exporting generic drugs as well as by contract manufacturing.

IPL is ranked as the sixth largest domestic formulations company, as per IQVIA MAT August 2023, generating nearly 34% of its turnover (for FY2023) from its domestic business. The company operates 17 manufacturing facilities, with 13 in India and the rest spread over the UK (two units), Greece and Mexico. IPL's manufacturing facilities are approved by various regulatory authorities, including the USFDA, UK MHRA, MCC (South Africa), TGA (Australia) and ANVISA (Brazil). IPL's promoters, the Chudgar family, currently own a 83.84% stake in the company with 7.13% held by Temasek Holdings, 6.02% by Chrys Capital through four different funds and 3% by Abu Dhabi Investment Authority through its Investment Trust.

Key financial indicators (audited)

IPL Consolidated	FY2022	FY2023	H1FY2024*
Operating income (OI)	18418.3	20079.2	9922.6
PAT	2679.2	2422.8	1018.9
OPBDIT/OI	21.7%	18.6%	15.1%
PAT/OI	14.5%	12.1%	10.3%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	0.4
Total debt/OPBDIT (times)	0.6	0.4	0.6
Interest coverage (times)	35.9	29.7	24.0

Source: Company data, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore;

*Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)			Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2023 (Rs. crore)	Date & rating in FY2024			Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Dec 18, 2023	Nov 30, 2023	Jun 14, 2023	Sep 22, 2022	Jul 19, 2021	Nov 04, 2020
1 Fund based/ Non-fund based facilities	Long term and short term	1,500	-	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/ Short-term fund-based/ Non-fund based facilities	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 analysing 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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based/ Non-fund based facilities	NA	NA	NA	1,500	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: Company data, ICRA Research

Annexure II: List of entities considered for consolidated analysis – FY2022-FY2023

Company Name	IPL's Ownership	Consolidation Approach
SUBSIDIARIES		
Accord Healthcare Limited, UK	100.00%	Full Consolidation
Astron Research Limited, UK	100.00%	Full Consolidation
Accord Healthcare Inc., North Carolina, USA	100.00%	Full Consolidation
Accord Healthcare (Pty) Limited, South Africa	100.00%	Full Consolidation
Accord Farmaceutica Ltda., Brazil	100.00%	Full Consolidation
Accord Healthcare SAC, Peru	100.00%	Full Consolidation
Accord Farma S.A. De C.V., Mexico	100.00%	Full Consolidation
Accord Healthcare Inc., Canada	100.00%	Full Consolidation
Accord Healthcare Pty. Ltd., Australia	100.00%	Full Consolidation
Intas Third Party Sales 2005 S.L.	100.00%	Full Consolidation
Accord Healthcare (Kenya) Limited	100.00%	Full Consolidation
Andre Laboratories Limited (upto December 31, 2021)	-	Full Consolidation
SM Herbals Private Limited	100.00%	Full Consolidation
STEP-DOWN SUBSIDIARIES		
Farmbaiot S.A DE CV, Mexico	100.00%	Full Consolidation
Essential Pharmaceuticals LLC	100.00%	Full Consolidation
Accord Biopharma Inc. USA	100.00%	Full Consolidation
Accord Healthcare SAS, France	100.00%	Full Consolidation
Accord Healthcare BV, Netherlands	100.00%	Full Consolidation
Accord Healthcare Sociedad Limitada, Spain	100.00%	Full Consolidation
Accord Healthcare Italia SRL, Italy	100.00%	Full Consolidation
Accord Healthcare Polska Spolka Z Organiczona Odpowiedzialnoscia, Poland	100.00%	Full Consolidation
Accord Healthcare AB, Sweden	100.00%	Full Consolidation
Accord Healthcare GmbH, Austria	100.00%	Full Consolidation
Accord Healthcare OY, Finland	100.00%	Full Consolidation
Accord Healthcare Ireland Limited, Ireland	100.00%	Full Consolidation
Accord Healthcare BVPA, Belgium	100.00%	Full Consolidation
Accord Healthcare Limited, Malta	100.00%	Full Consolidation
Accord Healthcare GmbH, Germany	100.00%	Full Consolidation
Accord Healthcare SDN BHD, Malaysia	100.00%	Full Consolidation

Company Name	IPL's Ownership	Consolidation Approach
Accord Healthcare MENA DMCC, UAE	100.00%	Full Consolidation
Accord-Healthcare Kft., Hungary	100.00%	Full Consolidation
Accord Healthcare S.R.O., Czech Republic	100.00%	Full Consolidation
Accord Healthcare Single Member S.A., Greece	100.00%	Full Consolidation
Accord Healthcare Private limited, Singapore	100.00%	Full Consolidation
Accord Healthcare, Unipessoal, Lda, Portugal	100.00%	Full Consolidation
Accord Healthcare HK Limited, Hongkong (upto October 28, 2022)	100.00%	Full Consolidation
Accord Healthcare SRL, Romania	100.00%	Full Consolidation
Accord Healthcare AG, Switzerland	100.00%	Full Consolidation
Accord UK Limited, UK	100.00%	Full Consolidation
Accord Healthcare Thailand Limited (Thailand)	100.00%	Full Consolidation
Accord Healthcare Korea Limited, South Korea (upto April 2, 2021)	-	Full Consolidation
Accord Biosimilars LLC (upto February 28, 2023)	-	Full Consolidation
<i>Jointly controlled Entity</i>		
Alvi-Intas Medical Devices Private Limited (upto December 31, 2021)	-	Equity Method

Source: IPL annual report of FY2023

Corrigendum

Document dated December 18, 2023 has been corrected with revisions as detailed below:

Revisions: - Page 3 – Typographical error in rating history table on page 3 has been corrected

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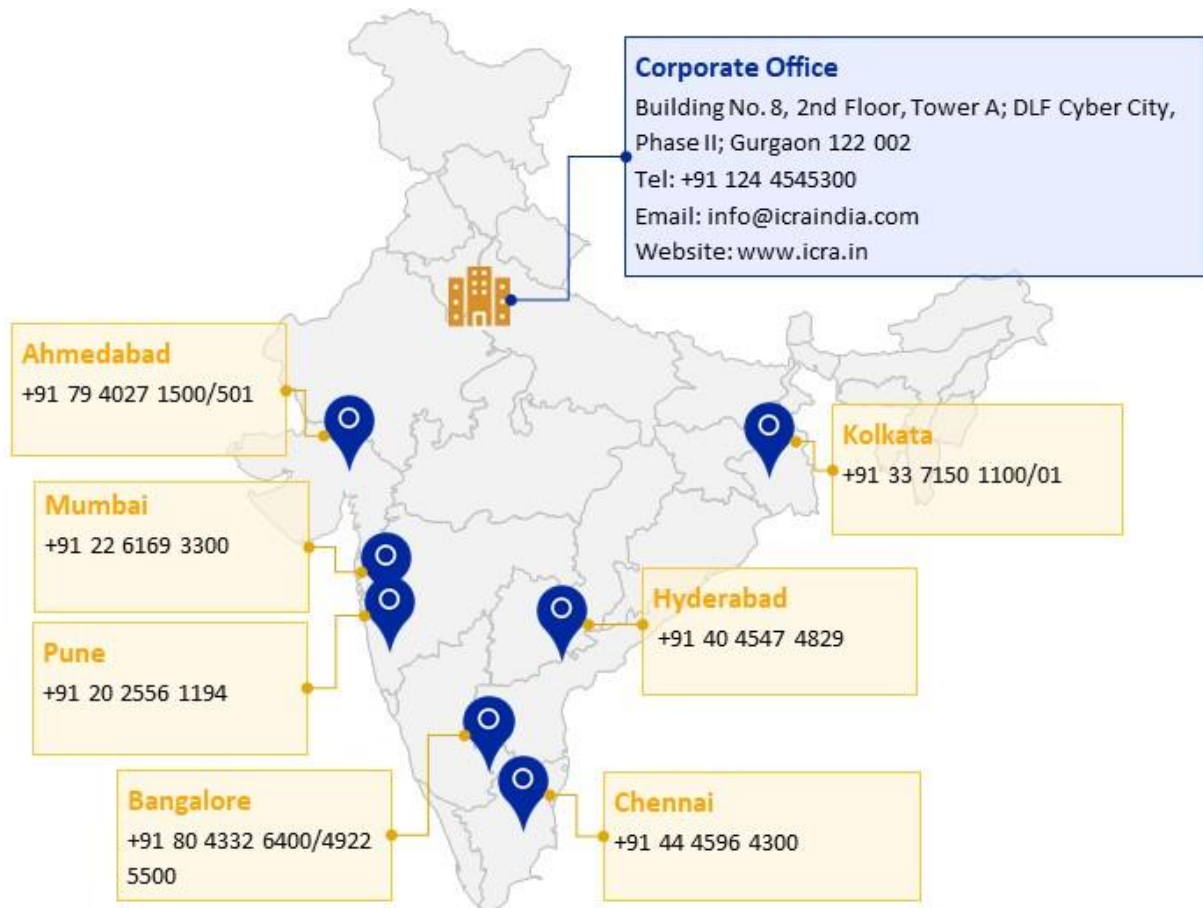
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