

CSD/BSE&NSE/2024-25

February 28, 2025

To
The Manager
Department of Corporate Services
BSE Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai - 400 001

To
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Code: 543064

Scrip Symbol: SUVENPHAR

Dear Sir/Madam,

Sub: Credit Rating

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Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we wish to inform you that the CRISIL has assigned/ reaffirmed the following ratings to the Bank facilities of the Company as per letter received on February 28, 2025. The said letter is annexed herewith.

Facilities	Rating
Long Term Rating	CRISIL A+/Watch Positive (Continues on 'Rating Watch with Positive Implications')
Short Term Rating	CRISIL A1+ (Reaffirmed)

This is for your information and record.

Thanking you.

Yours faithfully,
For **Suven Pharmaceuticals Limited**

Kundan Kumar Jha
Company Secretary, Compliance Officer and Head-Legal

Encl: As above

Suven Pharmaceuticals Limited

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Rating Rationale

February 27, 2025 | Mumbai

Suven Pharmaceuticals Limited

Long-term rating continues on 'Watch Positive'; Short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.72.5 Crore
Long Term Rating	Crisil A+/Watch Positive (Continues on 'Rating Watch with Positive Implications')
Short Term Rating	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has continued its rating on the long-term bank facilities of Suven Pharmaceuticals Ltd (SPL) on '**Rating Watch with Positive Implications**'; the short-term rating has been reaffirmed at 'Crisil A1+'.

Crisil Ratings had placed the long-term rating on watch positive on Feb 29th, 2024, regarding the scheme of amalgamation of Cohance Lifesciences Ltd (CLL) into and with SPL. The scheme is subject to necessary statutory and regulatory approvals including the approvals from the National Company Law Tribunal, the stock exchanges, SEBI and the shareholders and creditors of each of the companies etc. The proposed amalgamation is expected to create a diversified contract development and manufacturing organization (CDMO) with three engines of growth – pharmaceutical CDMO, specialty chemical CDMO and APIs (including formulations). Further, it is expected to result in multiple synergy benefits that can help accelerate growth and improve margins.

Company has received approvals from stock exchanges and SEBI. Company has currently received shareholder approval (99.99% in favor) and final NCLT hearing is awaited. Amalgamation will be completed post final NCLT and DoP approvals.

Crisil Ratings also has noted the acquisition of 56% of share capital of NJ Bio Inc on Dec 20, 2024 for a consideration of Rs. 547.96 crores and gained control of NJ Bio Inc as a subsidiary. The amount was paid off from the cash reserves and no debt was availed for the same. The cash position stood at Rs. 282 crores as on Dec 31, 2024.

Crisil Ratings will keep a close watch on the transaction status of the above amalgamation and acquisitions and its impact on the overall business and financial performance of the group. The ratings shall be removed from watch and a final rating action will be taken once there is more clarity on these aspects and transactions. Any material impact on the credit profile of the company will remain a key monitorable over the medium term.

The ratings continue to reflect Suven group's established market position, and its strong financial profile. These strengths are partially offset by working capital intensive operations and exposure to customer concentration risk.

Analytical Approach

For arriving at the ratings, Crisil Ratings has combined the business and financial risk profiles of SPL with its 100% subsidiary, Suven Pharma Inc, Sapala Organics Pvt Ltd & NJ Bio Inc. This is because these companies, collectively referred to as the Suven group, have a common management team, are in similar lines of business, and have operational linkages and fungible cash flow.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Established market position:** The group has established market position in the contract research and manufacturing services (CRAMS) segment and is among the top five players in India who supply high-end intermediaries to innovators. Further, long-term contracts with the established and reputed principals also aid steady order flow. Market position has remained strong with company reporting Rs. 1051 crores of topline in fiscal 2024 and Rs. 843 crores in first half of the

ongoing fiscal. Crisil Ratings expects the market position to strengthen further with the completion of amalgamation with CLL.

- **Strong financial risk profile:** Financial risk profile has remained strong with minimal reliance on external debt and healthy networth base. Networth remained strong at around Rs. 1978 crores as on Sept 30, 2024, and is estimated to be around Rs. 2200 crores by the end of the ongoing fiscal. Capital structure also continues to be strong and will continue at less than 0.05 times in the medium term. Debt protection metrics also remained robust with interest coverage of above more than 40 times and is expected to continue strong in the medium term on back of no debt funded capex in pipeline.

Weaknesses:

- **Working capital-intensive operations:** Operations remain moderately working capital intensive with estimated gross current assets (GCAs) of 180-200 days as on March 31, 2025. The higher GCA days are mainly due to the higher inventory levels of 4-5 months due to long time taken for product approvals and higher inventory maintained to cater the bulk orders from the customers.
- **Exposure to customer concentration risk:** The top five customers contribute a substantial share of the revenue, exposing the company to customer concentration risk.

Liquidity: Strong

Net cash accruals estimated to be above Rs. 300 crs in fiscal 2025 against which the company doesn't have any term debt obligations.

Liquidity is further supported by free cash and liquid investments of Rs. 282 crores as on Dec 31, 2024. These are expected to continue to increase over the medium term with significant accretion to reserves.

Rating sensitivity factors

Upward factors:

- Significant strengthening of SPL's market position and production portfolio with the proposed amalgamation leading to net cash accrual of Rs 400 crore.
- Further strengthening of financial risk profile and liquidity.

Downward factors:

- Steep fall in revenue along with dip in operating margin resulting in lower net cash accrual of under Rs 150-200 crore.
- Higher than expected debt-funded capital expenditure along with stretch in the working capital cycle, leading to weakening of financial risk profile and liquidity

About the Group

Incorporated in November 2018, SPL is a biopharmaceutical company specialising in New Chemical Entity (NCE)-based CRAMS for global life science companies. It is promoted by Mr Venkateshwarlu Jasti and is based out of Hyderabad, Telangana. SPL is among the top five players in India who supply high-end intermediaries to innovators. The company got listed on the Bombay Stock Exchange and National Stock Exchange on March 09, 2020. The management of the group have recently been changed with acquisition of significant stake of 50.10% of SPL by Berhyanda Limited (fully owned subsidiary of Advent International) as part of its strategy to build a leading end-to-end Contract Development & manufacturing Organization (CDMO) and merchant API player servicing the pharma and specialty chemical markets

Suven Pharma Inc. is a wholly owned subsidiary of SPL. It is an SPV for undertaking various business opportunities in the Pharma Industry. Suven Pharma Inc. has 7% stake in Raisin Aggregator LP, which is a New Jersey, USA based pharmaceutical company.

Sapala Organics Private Limited is a Hyderabad based CDMO founded in 2005 by Dr P Yella Reddy who has extensive experience in nucleic acid chemistry. On July 12, 2024; SPL has acquired 51% of the share capital of SOPL on a fully diluted basis.

NJ Bio Inc is an Antibody Drug Conjugate focused CRDMO and one of the leading global players with end-to-end capabilities across payload-linker synthesis, bioconjugation and analytical services. SPL has acquired 56% of the share capital of NJ Bio Inc on 20 December 2024 for a consideration of Rs. 547.96 crore and gained control of NJ Bio Inc as a subsidiary.

For the nine months ended Dec 31, 2024, group reported consolidated revenue and PAT of Rs. 795.56 crores and Rs. 226.04 crores as against Rs. 798.42 cr and Rs. 246.91 crores in the corresponding period during previous fiscal.

Key Financial Indicators

As on / for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	1051.35	1,341.29
Reported profit after tax	Rs crore	300.28	411.29
PAT margins	%	28.56	30.66

Adjusted Debt/Adjusted Net worth	Times	0.02	0.04
Interest coverage	Times	62.77	30.66

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	2.50	NA	Crisil A1+
NA	Letter of Credit	NA	NA	NA	20.00	NA	Crisil A1+
NA	Packing Credit in Foreign Currency	NA	NA	NA	45.00	NA	Crisil A+/Watch Positive
NA	Standby Fund-Based Limits	NA	NA	NA	5.00	NA	Crisil A+/Watch Positive

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Suven Pharmaceuticals Limited	Full	Same line of business and is a parent company
Sapala Organics Private Limited	Full	Same line of business and subsidiary of SPL
Suven Pharma Inc	Full	Same line of business and fully owned subsidiary of SPL
NJ Bio Inc	Full	Same line of business and material subsidiary

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	50.0	Crisil A+/Watch Positive		--	29-11-24	Crisil A+/Watch Positive	26-12-23	Crisil A+/Stable	07-04-22	Crisil A+/Stable	Crisil A/Stable
			--		--	04-09-24	Crisil A+/Watch Positive	27-09-23	Crisil A+/Watch Developing		--	--
			--		--	07-06-24	Crisil A+/Watch Positive	30-06-23	Crisil A+/Watch Developing		--	--
			--		--	11-03-24	Crisil A+/Watch Positive	04-04-23	Crisil A+/Watch Developing		--	--
			--		--		--	04-01-23	Crisil A+/Watch Developing		--	--
Non-Fund Based Facilities	ST	22.5	Crisil A1+		--	29-11-24	Crisil A1+	26-12-23	Crisil A1+	07-04-22	Crisil A1+	Crisil A1
			--		--	04-09-24	Crisil A1+	27-09-23	Crisil A1+/Watch Developing		--	--
			--		--	07-06-24	Crisil A1+	30-06-23	Crisil A1+/Watch Developing		--	--

			--		--	11-03-24	Crisil A1+	04-04-23	Crisil A1+/Watch Developing		--	--
			--		--		--	04-01-23	Crisil A1+/Watch Developing		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	2.5	State Bank of India	Crisil A1+
Letter of Credit	20	State Bank of India	Crisil A1+
Packing Credit in Foreign Currency	10	Bank of Bahrain and Kuwait B.S.C.	Crisil A+/Watch Positive
Packing Credit in Foreign Currency	35	State Bank of India	Crisil A+/Watch Positive
Standby Fund-Based Limits	5	State Bank of India	Crisil A+/Watch Positive

Criteria Details

Links to related criteria
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation

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