

Ref: D/RAT/2013-14/I-10/1

Date: February 7, 2014

Mr.N K Bansal

Group CFO

Ind Swift Limited

781, Industrial Area,

Phase-II, Chandigarh - 160002

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 745.00 Crore Line of Credit of Ind Swift Limited

As you are aware that in terms of the mandate letter received from its clients, ICRA is required to review all its ratings, on an annual basis, or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration, has reaffirmed a long-term rating of [ICRA]D (pronounced as ICRA D) and a short term rating of [ICRA]D (pronounced as ICRA D) to the captioned LOC†. The rationale for the rating reaffirmation would be shared via a separate mail.

With kind regards,

Yours sincerely,

for ICRA Limited

Rohan Kanwar Gupta

Senior Analyst, ICRA Limited

Building No. 8, 2nd Floor,

Tower A, DLF Cyber City ,

Phase II, Gurgaon - 122002

Tel. : +91-124-4545808

Mobile: +91-9910136611



Ind Swift Limited

Instrument	Amount	Rating Action
Term Loans	Rs. 264.75 Crore	[ICRA]D reaffirmed
Cash Credit Facilities	Rs. 293.38 Crore	[ICRA]D reaffirmed
Non Fund Based Facilities	Rs. 63.99 Crore	[ICRA]D reaffirmed
Unallocated	Rs. 122.88 Crore	[ICRA]D reaffirmed
Total	Rs. 745.00 Crore	

ICRA has reaffirmed a long term rating of [ICRA]D (pronounced as ICRA D) and a short term rating of [ICRA]D (pronounced as ICRA D) to the bank facilities of Ind Swift Limited (Ind Swift)[†]. The total rated amount is Rs. 745.0 Crore.

The rating reaffirmation takes into account the continuing delays in the debt servicing by the company due to its stretched liquidity profile, even post the implementation of the Corporate Debt Restructuring (CDR) mechanism in March 2013.

The company's scale of operations has declined significantly over the past three years, both on account of stretched liquidity profile as well as attrition of top management in various divisions, resulting in significant cash losses for the company. Although the company has been able to gradually ramp up its exports from the Global Business Unit (GBU), the domestic operations of the company have remained weak resulting in decline in scale of operations. As per the terms and conditions of CDR package, the company was required to bring back unsecured loans and advances (amounting to Rs. 51.8 Crore) extended to Swift Fundamental research education Society (SFRES) to ease its liquidity position, which has not yet materialized.

The company's ability to bring back the unsecured loans extended as well as increase its scale of domestic operations in a profitable manner would remain critical for meeting its debt servicing obligations as per the CDR package going forward.

Company Profile

Ind Swift Limited was promoted in 1986 by Mr. A. K. Jain, the Mehtas and the Munjals, having experience of formulations manufacturing in their companies – Mukur and Swift. The company started its operations by marketing pharmaceutical products. The facilities for manufacturing of ampoules and vials were set up subsequently at Panchkula in 1990, followed by new facilities being set up at Parwanoo, Baddi (both in Himachal Pradesh), Jammu (J&K) and Jawaharpur (Punjab) besides an R&D centre at Mohali (Punjab).

Ind Swift is primarily a family run business supported by a professional management team. The promoters of Ind Swift group are three families - Munjals, Mehtas and Jains, each having one third share of the promoter's stake. There are several companies in the Ind Swift group including Ind Swift Labs Limited, Ind-Swift Infrastructure & Developers Limited, Ind-Swift Communications and Swift Fundamental & Education Society.

Recent Results

In 6m 2013-14 (provisional financials), Ind Swift reported an operating income of Rs. 343.6 crore. The company recorded an operating loss before depreciation, interest and tax of Rs. 20.2 crore.

February 2014

[†]For complete rating definitions, please refer to the ICRA website www.icra.in or any of the ICRA Rating Publications

* 100 Lakh = 1 Crore = 10 million



For further details, please contact:

Analyst Contact:

Mr. Subrata Ray, (Tel. No. +91-22-6179 6386)
subrata@icraindia.com

Relationship Contacts

Mr. Vivek Mathur (Tel No +91-124-4545-310)
vivek@icraindia.com

© Copyright, 2014, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents