May 11, 2020

Windlas Biotech Private Limited: Update on Material Event

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term: Term Loans	12.83	12.83	[ICRA]A (Stable); outstanding
Long Term: Fund Based limits	67.30	67.30	[ICRA]A (Stable); outstanding
Short Term: Non-Fund Based limits	2.00	2.00	[ICRA]A1; outstanding
Short Term: Fund Based limits	25.00	25.00	[ICRA]A1; outstanding
Short Term: Interchangeable	(19.00)	(19.00)	[ICRA]A1; outstanding
Long/ Short Term: Unallocated	1.67	1.67	[ICRA]A (Stable)/ [ICRA]A1; outstanding
Total	**108.80**	**108.80**	

**Instrument details are provided in Annexure-1*

Material Event

The material event pertains to the acquisition of Windlas Healthcare Private Limited (WHC) by Windlas Biotech Private Limited (WBPL) on April 30, 2020. WBPL acquired 51% stake in WHC from Cadila Healthcare Limited (Cadila) for a total purchase consideration of ~Rs.103.5 crore. WBPL's investment will translate into a 100% shareholding in WHC, making it a wholly owned subsidiary of WBPL. Earlier, in August 2018 Cadila had acquired 51% ownership in WHL for a consideration of ~Rs. 155 crore.

Impact of Material Event

ICRA has taken note of the above-mentioned acquisition, and the ratings remain unchanged at the earlier rating of [ICRA]A(Stable)/ [ICRA]A1. The investment is in line with WBPL's strategy of further expansion in the domestic as well as export markets. The rating considers WBPL's comfortable financial profile reflected by healthy revenue growth, comfortable profitability, and low working capital intensity in FY2020; and also its healthy liquidity position despite the acquisition. ICRA takes the note of the recent update and would continue to monitor the developments in this regard and the corresponding impact on WBPL's liquidity and overall financial position.

ICRA has also taken note of the ongoing lockdown and its impact on the company's operations. Although the company is currently able to carry out its operations, any adverse developments impacting its supply chain may affects its operations. ICRA will continue to monitor the situation as it evolves over the next few quarters.

The previous detailed rating rationale is available on the following link: Rationale

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About ICRA Limited:

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