

March 14, 2023

Naari Pharma Pvt. Ltd.: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Fund-based – Term loan	34.60	34.60	[ICRA]BB-(Stable)
Long-term – Fund-based – Working capital limits	40.00	40.00	
Short-term – Fund-based/ Non-fund based – Working capital limits (sublimit)	(30.00)	(30.00)	[ICRA]A4
Total	74.60	74.60	

*Instrument details are provided in Annexure I

Rationale

On March 02, 2023, ICRA was informed that Tenshi Life Sciences Private Limited (Tenshi Life or the company), the parent of Naari Pharma Private Limited (Naari) has received the final order from National Company Law Tribunal (NCLT) pertaining to the company's amalgamation with Tenshi Pharmaceuticals Private Limited (Tenshi Pharma).

Considering the business linkages between Naari and Tenshi Life and financial support provided by Tenshi Life, as and when required, ICRA had taken implicit support from Tenshi Life for arriving at Naari's ratings.

ICRA takes note of the aforementioned update on amalgamation of Tenshi Life with Tenshi Pharma. ICRA will continue to engage with the company to evaluate the impact of the aforementioned update on its credit profile. Further, ICRA will continue to monitor these developments and take appropriate rating action as and when more clarity emerges.

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

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA's Rating methodology for Pharmaceuticals Rating approach – implicit parent or group support
Parent/Group Support	Tenshi Life holds 42% stake (fully diluted) in Naari. Considering the business linkages and financial support provided by Tenshi Life, as and when required, ICRA has taken implicit support from Tenshi Life for arriving at Naari's ratings.
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Naari was incorporated as Indo Phyto Chemicals Private Limited on February 23, 1978. The company manufactures active pharmaceutical ingredients (APIs), fermentation intermediaries and Finished Dosage Forms (FDF) products in the female healthcare domain. Naari is present in the female healthcare formulations business across more than 45 countries. It has issued Cumulative Convertible Preference Shares (CCPS) to Ascent Capital, wherein the company has received Rs. 125 crore cumulatively in FY2020 and FY2021. Naari's API and intermediate manufacturing facility is located at Kashipur, India. Naari's R&D for APIs and intermediates is located at this site with infrastructure for the development and scale up of chemical and fermentation processes. Naari's FDF manufacturing facility is located at Rudrapur, India, and is involved in the development

and manufacturing of hormones with capabilities across tablets and soft gel capsules (under development). The R&D facility is recognised by Department of Scientific and Industrial Research (DSIR).

Key financial indicators

Naari Standalone	FY2021	FY2022
Operating income (Rs. crore)	91.3	105.4
PAT (Rs. crore)	-0.2	-0.8
OPBDITA/OI (%)	6.3%	6.6%
PAT/OI (%)	-0.3%	-0.7%
Total outside liabilities/Tangible net worth (times)	1.0	1.2
Total debt/OPBDITA (times)*	9.6	13.4
Interest coverage (times)	0.9	1.2

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All Amounts as per ICRA calculations; ; * total debt including OCRPS

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs. crore)	Amount outstanding as of Sep 30, 2022 (Rs. crore)	Current rating (FY2023)				Chronology of rating history for the past 3 years	
				Date & Rating in FY2023			Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
				Mar 14, 2023	Dec 29, 2022	Jul 28, 2022	Apr 22, 2021	--	Mar 25, 2020
1 Term loan	Long term	34.60	18.40	[ICRA]BB-(Stable)	[ICRA]BB-(Stable)	[ICRA]BB+(Stable)	[ICRA]BBB-(CE) (Negative)	-	[ICRA]BBB-(CE) (Negative)
2 Fund based – Working capital limits	Long term	40.00	--	[ICRA]BB-(Stable)	[ICRA]BB-(Stable)	[ICRA]BB+(Stable)	[ICRA]BBB-(CE) (Negative)	-	[ICRA]BBB-(CE) (Negative)
3 Fund based/ non-fund based*	Short term	(30.00)	--	[ICRA]A4	[ICRA]A4	[ICRA]A4+(CE)	[ICRA]A3(CE)	-	[ICRA]A3(CE)

Amount in Rs. Crore; *Sublimit of long-term fund based

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loan	Simple
Fund based working capital limits	Simple
Fund based/ Non-fund based working capital	Very 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 No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	FY2020	9.55% - 11.5%	FY2023 – FY2024	34.60	[ICRA]BB- (Stable)
NA	Fund based – Working capital limits	FY2021	9.55%	--	40.00	[ICRA]BB- (Stable)
NA	Fund based/ non-fund based	FY2021	9.55%	--	(30.00)	[ICRA]A4

Source: Company; Note: Amounts in Rs. crore

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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Branches



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