

October 31, 2023

Naari Pharma Pvt. Ltd.: Placed on rating watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	34.60	34.60	[ICRA]BB-; Placed on Rating Watch with Developing Implications
Long-term – Fund-based – Working capital limits	40.00	40.00	[ICRA]BB-; Placed on Rating Watch with Developing Implications
Short-term – Fund-based/ Non-fund based – Working capital limits (sublimit)	(30.00)	(30.00)	[ICRA]A4; Placed on Rating Watch with Developing Implications
Total	74.60	74.60	

*Instrument details are provided in Annexure-I

Rationale

The ratings of Naari Pharma Pvt. Ltd. (Naari) were based on implicit support expectations from Tenshi Life Sciences Private Limited (TLPL). However, recently TLPL was amalgamated with another entity named Tenshi Pharmaceuticals Private Limited (TPPL).

Accordingly, the ratings of Naari have been placed on watch with developing implications. The watch reflects the uncertainty around the support philosophy of the new parent TPPL. ICRA is engaging with the company to understand and assess its credit profile following this development and will take appropriate rating action as required.

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

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Pharmaceutical Industry
Parent/Group Support	ICRA had taken implicit support from TLPL for arriving at Naari's ratings. The contours of the support are being reviewed following the aforementioned corporate action.
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).

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 of Mar 31, 2023 (Rs. crore)	Date & Rating in FY2024 Oct 31, 2023	Date & Rating in FY2023			Date & Rating in FY2022 Apr 22, 2021	Date & Rating in FY2021 --	
					Mar 14, 2023	Dec 29, 2022	Jul 28, 2022			
1	Term loan	34.6	30.6	[ICRA]BB-; Rating watch with developing implications	[ICRA]BB-(Stable)	[ICRA]BB-(Stable)	[ICRA]BB+(CE) (Stable)	[ICRA]BBB-(CE) (Negative)	-	
2	Fund based – Working capital limits	40	--	[ICRA]BB-; Rating watch with developing implications	[ICRA]BB-(Stable)	[ICRA]BB-(Stable)	[ICRA]BB+(CE) (Stable)	[ICRA]BBB-(CE) (Negative)	-	
3	Fund based/ non-fund based*	(30)	--	[ICRA]A4; Rating watch with developing implications	[ICRA]A4	[ICRA]A4	[ICRA]A4+ (CE)	[ICRA]A3(CE)	-	

Source: Company; *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	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	FY2020	9.55% - 11.5%	FY2023 – FY2024	34.60	[ICRA]BB-; Rating watch with developing implications
NA	Fund based – Working capital limits	FY2021	9.55%	--	40.00	[ICRA]BB-; Rating watch with developing implications
NA	Fund based/ non-fund based	FY2021	9.55%	--	(30.00)	[ICRA]A4; Rating watch with developing implications

Source: Company

[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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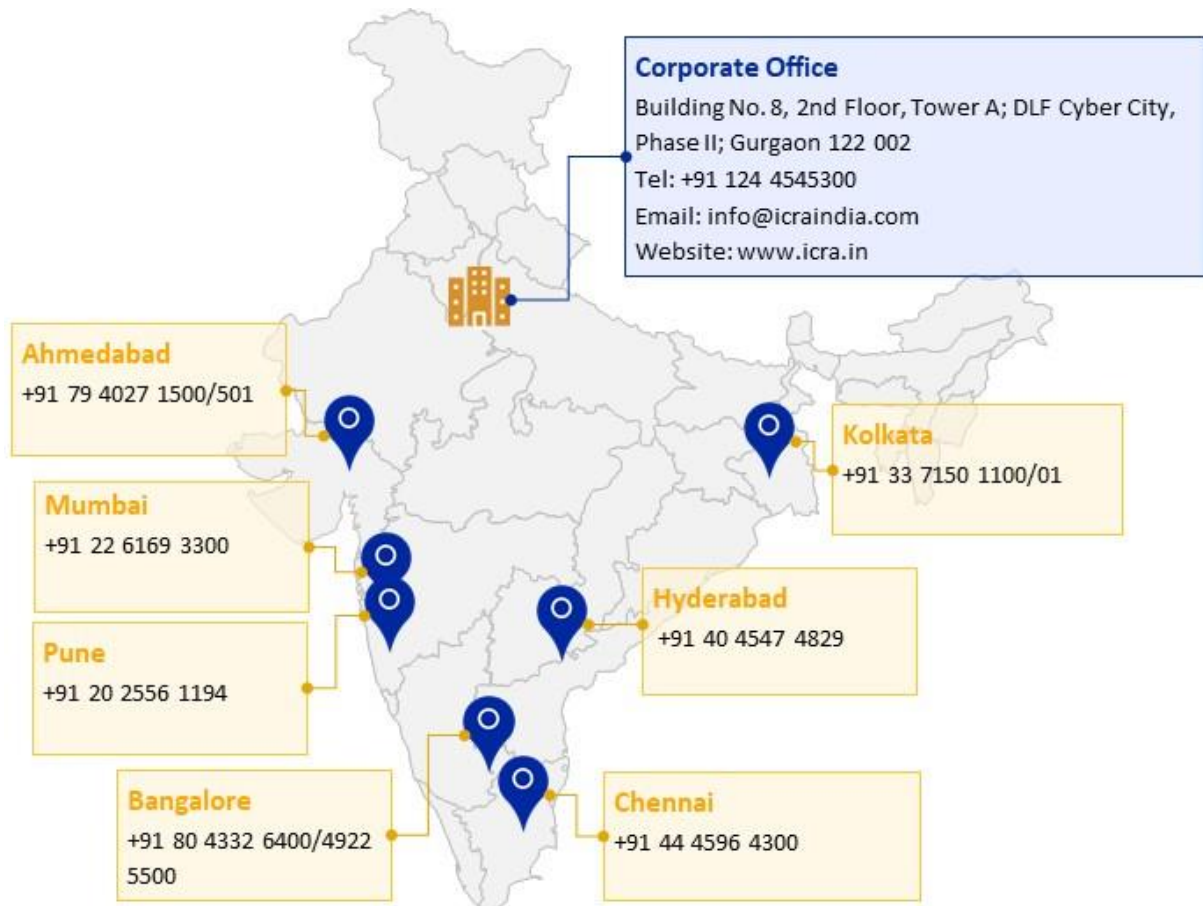
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