Credit update on Emcure Pharmaceuticals Limited

April 05, 2022

CARE Ratings has reviewed the ratings of Emcure Pharmaceuticals Limited (EPL) on account of HDT Bio Corp (HDT) filing a lawsuit in US against EPL and an arbitration suit against Gennova Biopharmaceuticals Limited (GBL), a subsidiary of EPL, in London as cited by media reports. In the legal suites, HDT claims that EPL and GBL have misused trade secrets related to mRNA vaccine against Covid-19 and has sought compensatory damages in excess of USD 950 million.

CARE Ratings understands that GBL entered into a License Agreement with HDT in August 2021 for collaboration on the development of mRNA-based vaccines/ therapeutics using HDT's LION technology. On November 30, 2021, GBL served a 90-day Notice on HDT for termination of the License Agreement, as GBL was no more using the LION technology and started using the indigenously developed technology. EPL's management emphasized that EPL has no connection with the matter and the company is initiating steps to have the claims dismissed. For GBL, EPL's management emphasized that there is no contravention of breach on any contractual obligations or provisions of law and their team is working to address the matter through the arbitration.

CARE Ratings has taken note of the above situation and will continue to monitor development in this regard very closely to assess its impact on credit profile of the company. Further any adverse outcome on account of the said legal suit leading to significant financial liability would be critical from credit risk point of view and shall remain a key monitorable.

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