

PEL Pharma Inc. (PEL Pharma)
February 18, 2021

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Foreign Currency Term Loan	296.00 (USD 40 million)*	CARE AA (CE); Under credit watch with developing implications (Double A (Credit Enhancement)); Under Credit Watch with developing implications) ²	Placed on credit watch with developing implications

*USD: INR exchange rate – Rs. 74 per USD

Details of instruments/facilities in Annexure-1

Unsupported Ratings	CARE A (Single A)	-
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Detailed Rationale& Key Rating Drivers of credit enhanced debt

The rating assigned to the bank facilities of PEL Pharma factors in credit enhancement in the form of unconditional and irrevocable corporate guarantee (CG) extended by Piramal Enterprises Limited (PEL) along with Piramal Healthcare UK Limited, Piramal Healthcare Canada Limited, Ash Stevens LLC, and Piramal Pharma Solutions Inc. PEL Pharma's rating is based on CARE's view on CG provider's credit profile and business/ financial linkages of PEL Pharma Inc. with PEL. The above rating has been placed on credit watch with developing implications, consequent to PEL's ratings being placed on credit watch with developing implications.

CARE has placed ratings of PEL on credit watch with developing implications wide press release dated January 28, 2021 following the announcement made by PEL, vide its stock exchange notification dated January 22, 2021, that the Committee of Creditors of Dewan Housing Finance Limited (DHFL) has declared Piramal Capital & Housing Finance Limited (PCHFL, wholly-owned subsidiary of PEL) as successful resolution applicant in relation to the Corporate Insolvency Resolution Process of DHFL under the Insolvency & Bankruptcy Code, 2016 and identified the resolution plan submitted by PCHFL as successful resolution plan vide the Letter of Intent (LOI) from the Administrator of DHFL. The implementation of the resolution plan would be subject to the terms of the LOI and various regulatory approvals including that from the Reserve Bank of India (RBI) and National Company Law Tribunal (NCLT), Mumbai. While the group was in the fray for acquiring DHFL since past few months, the acquisition would be significant as compared to the existing balance sheet size of PCHFL and PEL; as a result, the long- term ratings have been put on 'Credit Watch with Developing Implications'. CARE will continue to engage with the management of the PEL group to obtain a better understanding on this development, and will resolve the watch once there is enough clarity related to regulatory approvals, acquisition timelines and consequent impact on the business & financial profile of PCHFL and PEL.

For detailed press release of PEL Pharma Inc, refer to press release dated December 14, 2020 on www.careratings.com.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June, 2025	296.00	CARE AA (CE) (CWD)
Un Supported Rating- Un Supported Rating (Long Term)	-	-	-	-	CARE A

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

² CARE assigns the suffix (CE) to denote that the rating has been arrived at on the basis of an explicit external credit enhancement and not on the basis of the credit quality of the issuer alone. However, a detailed standalone credit assessment of the issuer is also being carried out as per SEBI circular No SEBI/HO/MIRSD/DOS3/CIR/P/2019/70 dated June 13, 2019.

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	296.00	CARE AA (CE) (CWD)	1)CARE AA (CE); Stable (14-Dec-20)	-	-	-
2.	Un Supported Rating- Un Supported Rating (Long Term)	LT	0.00	CARE A	1)CARE A (14-Dec-20)	-	-	-

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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