

## India Ratings Maintains Claris Lifesciences on RWE; Rates New Loan

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India Ratings and Research (Ind-Ra) has maintained Claris Lifesciences Limited's (CLL) Long-Term Issuer Rating of 'IND A' on Rating Watch Evolving (RWE). The instrument-wise rating action is given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Rating Watch	Rating Action
Term loans		11.15%	September 2021	INR180	IND A/RWE	Rating assigned and placed on RWE

Ind-Ra continues to take a consolidated view of CLL and its subsidiaries, including the wholly owned subsidiary Claris Injectables Limited (CIL; 'IND A'/RWE), collectively referred to as CLL, considering the strong linkages among them.

### KEY RATING DRIVERS

Ind-Ra has maintained the ratings on RWE because of US-based Baxter International Inc.'s (Baxter) pending acquisition of CLL's injectable business and consequently the assessment of the impact on CLL's credit profile. The two companies entered into a definitive agreement in December 2016 for a purchase consideration of USD625 million (INR42.3 billion). In the management's assessment, the closure of the deal is likely in 3Q17 with most regulatory approvals already in place. The impact on CLL's consolidated credit profile due to the divestiture will be clear once the deal is completed. Moreover, the agency awaits clarity on the timing and final net proceeds that would accrue to CLL after the completion of the transaction and eventual deployment of the proceeds.

On a consolidated basis, CLL posted revenue growth of 14.2% yoy to INR8,352.9 million in FY17 and EBITDA margin of 27.7% (FY16: 12.1%). The improvement in the revenue and margins is attributed to a higher contribution from the US (high-margin geography) and better product mix. For FY17, US, other regulated markets (excluding the US) and emerging markets accounted for 57.9%, 9.6% and 29.4%, respectively, of CLL's consolidated revenues, respectively.

The RWE could be resolved on the completion of the divestiture or in the next three months, whichever is earlier. The RWE indicates the possibility of CLL's and CIL's ratings being upgraded, downgraded or affirmed.

## COMPANY PROFILE

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On 31 October 2014, CLL hived off its injectable business (all related assets and liabilities) to CIL. CIL provides injectables for anaesthesia and anti-infective and renal therapies.

## RATING HISTORY

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Instrument Type	Current Rating/Rating Watch			Historical Rating/Outlook		
	Rating Type	Rated Limits(million)	Rating	21 December 2016	20 March 2015	2 April 2013
Issuer rating	Long-term	-	IND A/RWE	IND A/RWE	IND A/Stable	IND A/RWP
Term loans	Long-term	INR180	IND A/RWE	-	-	-

## COMPLEXITY LEVEL OF INSTRUMENTS

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For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## SOLICITATION DISCLOSURES

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Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies, structured finance and project finance companies.

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## Applicable Criteria

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### Corporate Rating Methodology

## Analyst Names

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