

July 20, 2023

Aurigene Pharmaceutical Services Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debenture Programme (NCD)	380.0	380.0	[ICRA]AA+(CE) (Stable), rating withdrawn
Total	380.0	380.0	

Rating Without Explicit Credit Enhancement

[ICRA]BBB+

*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

ICRA has withdrawn the rating assigned to the Non-Convertible Debentures of Aurigene Pharmaceutical Services Limited, at the request of the company, and in accordance with ICRA's policy on withdrawal. The ratings are being withdrawn upon complete redemption of the rated instruments.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Policy on Withdrawal of Credit Ratings Corporate Credit Rating Methodology Rating Methodology for Entities in the Pharmaceutical Industry Approach for rating debt instruments backed by third-party explicit support
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated on September 16, 2019, APSL is a subsidiary of Aurigene Oncology Limited (AOL; erstwhile Aurigene Discovery Technologies Limited, rated [ICRA]AA (Stable)) and a step-down subsidiary of Dr. Reddy's Laboratories Limited, rated [ICRA]AA+ (Stable). Effective June 1, 2020, the CDMO division of the custom pharmaceutical services segment of DRL and the discovery service business of AOL were transferred to APSL.

APSL was formed to service innovator pharmaceutical companies in medicinal chemistry, biology, contract development and manufacturing services for their clinical as well as commercial needs. APSL offers end-to-end services to its customers, ranging from discovery, development, scale-up supplies and contract manufacturing. This will also enable a flow of projects from drug discovery into development, and lead to synergies between the customer base at the CDMO division and discovery services, enabling APSL to be a one-stop shop offering turnkey solutions to its customers.

Key financial indicators

APSL – Standalone	FY2021	FY2022	FY2023*
Operating Income (Rs. crore)	191.4	361.1	330.7
PAT (Rs. crore)	44.0	32.1	12.8
OPBDIT/OI (%)	15.8%	28.0%	23.2%
PAT/OI (%)	23.0%	8.9%	3.9%
Total Outside Liabilities/Tangible Net Worth (times)	-1.6	-1.8	-1.8
Total Debt/OPBDIT (times)	15.4	5.5	7.1
Interest Coverage (times)	0.9	2.5	1.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; *Provisional financials

Status of non-cooperation with previous CRA: NA
Any other information: None
Rating history for past three years

Instrument	Current Rating (FY2024)			Chronology of rating history for the past 3 years				
	Type	Amount rated (Rs. crore)	Amount outstanding as of July 7, 2023 (Rs. crore)	Date & rating in	Date & rating in FY 2023	Date & rating in FY2022	Date & rating in FY2021	
				July 20, 2023	July 28, 2022	July 29, 2021	Jul 07, 2020	Jun 25, 2020
1 Non-convertible Debenture	Long-term	380.0	-	[ICRA]AA+(CE) (Stable) Withdrawn	[ICRA]AA+(CE) (Stable)	[ICRA]AA+(CE) (Stable)	[ICRA]AA+(CE) (Stable)	Provisional [ICRA]AA+(CE) (Stable)
2 Proposed NCD	Long-term	-	-	-	-	-	-	Provisional [ICRA]AA+(CE) (Stable) withdrawn

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible Debenture	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, is available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE0DHK08013	NCD	June 29, 2020	6.77%	June 29, 2023	380.0	[ICRA]AA+ (CE) (Stable); Withdrawn

Source: Company

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

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