

March 24, 2023^(Revised)

Aurore Pharmaceuticals Private Limited: Ratings moved to Non-Cooperating category and downgraded based on best available information, outlook revised to Stable from Negative

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Term Loan	91.72	91.72	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; rating downgraded with change in outlook from [ICRA]BBB (Negative) and moved to the 'Issuer Not Cooperating' category
Long Term – Fund based	22.50	22.50	
Short Term – Fund Based/ Non-fund based Interchangeable [#]	(22.50)	(22.50)	[ICRA]A4+ ISSUER NOT COOPERATING*; rating downgraded from [ICRA]A3+ and moved to the 'Issuer Not Cooperating' category
Total	114.22	114.22	

[^]Instrument details are provided in Annexure I; [#] sub-limit of long-term fund-based

*Issuer did not cooperate; based on best available information

Rationale

The rating downgrade is due to lack of adequate information regarding Aurore Pharmaceuticals Private Limited (Aurore Pharma) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with our rating agreement with Aurore, ICRA has been trying to seek information from the entity to monitor its performance. Despite multiple requests by ICRA, requisite information has not been shared for review of the ratings. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the “Issuer Not Cooperating” category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Pharmaceutical Industry Consolidation and Rating Approach Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not applicable

Analytical Approach	Comments
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of Aurore Life Sciences Pvt Ltd (Aurore Life) and Aurore Pharma. Aurore Life had a 67% stake in Aurore Pharma as on March 31, 2022.

About the company

Aurore Life commenced its operations from September 2016 with three independent research and development (R&D) centres in Hyderabad. It targeted domestic and semi-regulated markets like Indonesia, Bangladesh, Iran and Egypt. Post R&D, the manufacturing is typically outsourced to other companies, impacting its margins in the last few years. To mitigate this, Aurore Life acquired a manufacturing plant in FY2019, where it manufactures intermediates and active pharmaceutical ingredients (APIs) for semi-regulated markets pending regulatory approvals. The facility has recently received approval from European Medical Agency (EMA) for some products. The current capacity of the facility is 400 KL. At present, Aurore Life utilises Aurore Pharma's facility for manufacturing some of its own products. HAPS hold 62% equity stake in Aurore Life, while the balance is held by its promoter, Mr. Rajender Rao. HAPS is equally held by Karuna Business Solutions LLP (Mr. Arun Kumar's family office) and ILabs.

Established in 2017, Aurore Pharma is held by Aurore Life (67%) and Mr. Dayakar Mallu (33%). Aurore Pharma acquired a US FDA-approved API manufacturing plant from Mylan in H1 FY2019. In the near term, Aurore Pharma will provide contract manufacturing services to Aurore Life, Mylan and Aurobindo Pharma. Over the long-term, Aurore Pharma is expected to cater to regulated markets like the US, Europe and Japan.

Key financial indicators

Aurore Pharma	FY2020	FY2021	FY2022
Operating Income (Rs. crore)	77.8	117.4	274.1
PAT (Rs. crore)	-29.7	-14.1	-24.3
OPBDITA/OI (%)	-4.8%	8.6%	-1.2%
PAT/OI (%)	-38.1%	-12.0%	-8.9%
Total Outside Liabilities/Tangible Net Worth (times)	- 13.4	-7.8	-5.1
Total Debt/OPBDITA (times)	-37.4	15.5	-45.5
Interest Coverage (times)	-0.2	0.6	-0.2

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All Amounts as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Dec 31, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020		
					Mar 24, 2023	Jun 9, 2022			Mar 31, 2020	Mar 25, 2020	Apr 22, 2019
1	Term loans	Long term	91.72	72.62	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Negative)	[ICRA]BBB+ (Stable)	-	[ICRA]BBB-(CE) (Negative)	[ICRA]BBB-(CE) (Negative)	[ICRA]BBB(SO) (Stable)
2	Fund-based bank facilities	Long term	22.50	--		[ICRA]BBB (Negative)	[ICRA]BBB+ (Stable)	-	[ICRA]BBB-(CE) (Negative)	[ICRA]BBB-(CE) (Negative)	[ICRA]BBB(SO) (Stable)
3	Fund based/ Non-fund based*	Short term	(22.50)	--	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A2	-	[ICRA]A3(CE)	--	--
4	Unallocated	Long term	--	--	--	--	--	-	--	--	Provisional [ICRA]BBB(SO) (Stable); withdrawn

*Interchangeable with fund based/non-fund based

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Fund-based bank facilities	Simple
Fund based/ Non-fund based*	Very Simple

**Interchangeable with fund based/non-fund based*

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 No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	FY2019	8.9% - 9.45%	FY2025	91.72	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Fund based	FY2021	4.5% - 11.75%	--	22.50	
NA	Fund based/ Non-fund based*	FY2021	4.5% - 11.75%	--	(22.50)	[ICRA]A4+; ISSUER NOT COOPERATING

Source: Company; Note: Amounts in Rs. crore; **Interchangeable with fund based/non-fund based

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

Corrigendum

Document dated March 24, 2023, has been corrected with revisions as detailed below:

Key financial indicators section is revised.

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545 5328

shamsherd@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Mythri Macherla

+91 80 4332 6407

mythri.macherla@icraindia.com

Seetha Pillai

+91 80 4332 6411

seetha.pillai@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.