

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	Apr 22, 2021	-	Mar 31, 2020	Mar 25, 2020	Apr 22, 2019	
1	Term loans	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	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*	(22.50)	--	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A2	-	[ICRA]A3(CE)	--	--	
4	Unallocated	--	--	--	--	--	-	--	--	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.

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