



## Press Release

### ANG Lifesciences India Limited

**November 16 , 2023**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b>Complexity Indicator</b>
Long Term Bank Facilities	49.16	IVR BB/Negative (IVR Double B; with Negative Outlook)	IVR BB+/Negative (IVR Double B Plus; with Negative Outlook)	Downgraded	Simple
Short Term Bank Facilities	20.00	IVR A4 (IVR A Four)	IVR A4+ (IVR A Four Plus)	Downgraded	Simple
<b>Total</b>	<b>69.16</b>	<b>Rupees Sixty Nine Crore and Sixteen Lakhs Only</b>			

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

Infomerics Valuation and Rating Private Limited (IVR) has downgraded long-term rating to IVR BB with a Negative outlook and short-term rating to IVR A4 for the bank loan facilities of ANG Lifesciences India Limited (ALIL).

The rating has been downgraded due to continuous deterioration in financial performance of the company in H1FY2024 as compared to H1FY2023. The company performance also deteriorated in FY2023.

The rating continues to draw comfort from the established track record of operations and experienced management, diversified product portfolio and marketing network, comfortable gearing and tangible network. However, these strengths are partially offset by deterioration in financial performance in FY2023 and H1FY24, working capital intensive nature of operations, intense competition and exposure to regulatory risk inherent in pharmaceutical industry.

The 'Negative' outlook indicates a high likelihood of rating change over the medium term.

IVR has principally relied on the standalone audited financial results of ALIL of FY2023 audited results, unaudited H1FY24 results and publicly available information/ clarifications provided by the company's management.



## Press Release

### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 180 crore
- Improvement in debt protection metrics
- Sustenance of the overall gearing

#### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of operations and experienced management:**

The company commenced its operations in 2008 and has a successful track record of around 14 years in the existing line of business. Overall activities of ALIL are managed by three executive directors with Mr. Rajesh Gupta being the Managing Director. He has overall experience of more than 2 decades. He is ably supported by qualified and well experienced management team. Over the years they have built strong relationships with customers and suppliers.

- **Diversified product portfolio and marketing network:**

The company has a diversified product portfolio, which reduces the vulnerability to the demand risks associated with a single product. The company manufacture and sells products like injections, tablets, capsules, syrups, ointments of different varieties. Further, it has well designed marketing and selling arrangement, categorized majorly into four types of market segments, i.e., institutional segment, third party manufacturing, direct marketing and export market. This helps the company in reducing the concentration risk arising from dependency on a single line or any particular market segment. The company products are sold in PAN India and few foreign countries like Yemen, Venezuela, Bolivia, Philippines and Cambodia.

- **Comfortable gearing and tangible network:**

Overall gearing remained comfortable at 0.84x in FY2023. In H1FY2024 overall gearing stood at 0.63x. The tangible network remained comfortable at Rs. 83.49 crore in FY2023. In H1FY2024 tangible network stood at Rs. 85.21 crore.



## Press Release

### Key Rating Weaknesses

- **Deterioration in financial performance in FY2023 as well as H1FY24:**

The total operating income (TOI) declined by ~37.93% to Rs. 219.89 crore in FY2023 from Rs. 354.30 crore in FY2022. In H1FY24 the TOI declined by 38.30% to Rs. 80.18 crore from Rs. 129.95 crore in H1FY23. The company's operating profit margins and net profit margins declined to 10.85% and 0.11% respectively in FY2023 as compared to 18.67% and 11.36% respectively in FY2022, due to decrease in overall operating income. In H1FY24 operating profit margins and net profit margins declined to 9.56% and negative 0.55% respectively as compared to 16.04% and 4.57% respectively in H1FY23. In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) declined to 2.00x in FY2023 as compared to 8.29x in FY2022. In H1FY24, ISCR stood at 1.96x.

- **Working capital intensive nature of operations:**

The operations of ALIL remained working capital intensive, supported largely by bank borrowings. The average utilization of fund based working capital limits of the company stood high around 97% during the last 12 months ending 31st July 2022.

- **Intense competition and exposure to regulatory risk inherent in pharmaceutical industry:**

The company faces intense competition in the domestic as well as international markets. Pricing pressure, increasing regulation, increased sensitivity towards product performance are the key issues in the pharmaceutical industry. The pharmaceutical industry has been a highly regulated industry worldwide by virtue of its direct bearing on public health. In India too, government policies have played key role in performance of companies such as explicit control on drug prices in the form of drug price control order (DPCO). Further, the patent laws and related regulations might hamper company's plans to launch new products and cater to new markets.

**Analytical Approach:** For arriving at the ratings, IVR has analyzed ALIL's credit profile by considering the standalone financial statements of the company.

### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for Assigning Rating Outlook](#)

**Liquidity – Adequate**



## Press Release

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 20.53 crore, as on 31 March 2023. Against a current portion of long-term debt (CPLTD) of Rs 7.40 crore, the company had a cash accrual of Rs. 9.09 crore in FY2023. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

### **About the Company**

ANG Lifesciences India Limited (ALIL) was incorporated in June 2006 and started its commercial operation in 2008. It is currently engaged in manufacturing of dry powder injection, liquid injections, capsules, tablets, ointments and syrups. The company registered office is in Ranjit Avenue, Amritsar and the plant is located at Baddi Nalagarh Road, Himachal Pradesh. The company is ISO-9001:2008 certified. It is listed on Bombay Stock Exchange (BSE).

### **Financials (Standalone):**

(Rs. crore)

For the year ended as on	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	354.30	219.89
EBITDA	65.09	23.85
PAT	39.72	0.26
Total Debt	60.99	69.98
Tangible Networth	83.48	83.49
EBITDA Margin (%)	18.67	10.85
PAT Margin (%)	11.36	0.11
Overall Gearing Ratio (x)	0.73	0.84

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable



## Press Release

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 Years			
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (8 <sup>th</sup> June, 2023)	Date(s) & Rating(s) assigned in 2022-23 (28 <sup>th</sup> Nov, 2022)	Date(s) & Rating(s) assigned in 2022-23 (01 <sup>st</sup> Sep, 2022)	Date(s) & Rating(s) assigned in 2021-22 (04 <sup>th</sup> , June 2021)
1.	Fund Based	Long Term	49.16	IVR BB /Negative	IVR BB+ /Negative	IVR BBB-/Stable	IVR BBB/Stable	IVR BBB-/Stable
2.	Non Fund Based	Short Term	20.00	IVR A4	IVR A4+	IVR A3	IVR A3+	IVR A3

### Name and Contact Details of the Rating Analyst:

Name: Mr. Shivam Bhasin Tel: (011) 45579024 Email: <a href="mailto:shivam.bhasin@infomerics.com">shivam.bhasin@infomerics.com</a>	Name: Mr. Om Prakash Jain Tel: (011) 45579024 Email: <a href="mailto:opjain@infomerics.com">opjain@infomerics.com</a>
---	---

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most



## Press Release

entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	39.50	IVR BB/Negative
Term Loan	-	-	Jul 2023	0.97	IVR BB/Negative
Term Loan	-	-	Aug 2024	1.94	IVR BB/Negative
Term Loan	-	-	Nov 2027	6.75	IVR BB/Negative
Bank Guarantee	-	-	-	5.00	IVR A4
Letter of Credit	-	-	-	15.00	IVR A4

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-ANG-Nov23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).