



Press Release

ANG Lifesciences India Limited

September 01, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	49.16	IVR BBB-/Stable (IVR Triple B Minus; with Stable Outlook)	IVR BBB/Stable (IVR Triple B; with Stable Outlook)	Upgraded	Simple
Short Term Bank Facilities	20.00	IVR A3 (IVR A Three)	IVR A3+ (IVR A Three Plus)	Upgraded	Simple
Total	69.16	Rupees Sixty Nine Crore and Sixteen Lakhs Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded long-term rating to IVR BBB with a Stable outlook and short-term rating to IVR A3+ for the bank loan facilities of ANG Lifesciences India Limited (ALIL).

The rating continues to draw comfort from the established track record of operations and experienced management, diversified product portfolio and marketing network, improved profitability margins and improved debt protection metrics and financial risk profile during FY2022. However, these strengths are partially offset by working capital intensive nature of operations, intense competition and exposure to regulatory risk inherent in pharmaceutical industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes ALIL will continue to benefit from its operational track record in the business, its distribution network and continuous inflow of orders. The industry outlook is improving due to continued healthy growth in revenues and margins.

IVR has principally relied on the standalone audited financial results of ALIL upto 31 March 2022, Q1FY2023 provisional results and projected financials for FY23, FY24 and FY25, and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 450 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.

- **Improved debt protection metrics and financial risk profile:**

In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) improved to 8.29x in FY2022 as compared to 4.17x in FY2021, and the debt service coverage ratio (DSCR) improved to 5.00x in FY2022 as compared to 2.14x in FY2021. The tangible networth improved to Rs. 83.48 crore in FY2022 from Rs. 40.94 crore in FY2021. Overall gearing improved to 0.73x in FY2022 from 1.04x in FY2021. The total operating income (TOI) improved by ~126% to Rs. 348.67 crore in FY2022 from Rs. 154.27 crore in FY2021. In Q1FY23 the company achieved TOI of Rs. 71.56 crore with a PAT of Rs. 3.34 crore.



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- **Improved profitability margins:**

The company's operating profit margins and net profit margins improved to 18.67% and 11.36% respectively in FY2022 as compared to 9.67% and 4.67% respectively in FY2021, due to increase in overall operating income.

Key Rating Weaknesses

- **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 analysed 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

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 18.56 crore, as on 31 March 2022. Against a current portion of long-term debt (CPLTD) of Rs 3.19 crore, the company had a cash accrual of Rs. 44.72 crore in FY2022. The company projected to generate cash accruals of Rs. 49.40 crore in FY2023 against a CPLTD of Rs. 7.40 crore. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.



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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	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	154.27	348.67
EBITDA	14.92	65.09
PAT	7.24	39.72
Total Debt	42.40	60.99
Tangible Networkth	40.94	83.48
EBITDA Margin (%)	9.67	18.67
PAT Margin (%)	4.67	11.36
Overall Gearing Ratio (x)	1.04	0.73

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (04 June 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based	Long Term	49.16	IVR BBB/Stable (Upgraded)	IVR BBB-/Stable	-	-



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2.	Non-Fund Based	Short Term	20.00	IVR A3+ (Upgraded)	IVR A3	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit 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, suspend 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 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),



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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 BBB/Stable
Term Loan	-	-	Jul 2023	0.97	IVR BBB/Stable
Term Loan	-	-	Aug 2024	1.94	IVR BBB/Stable
Term Loan	-	-	Nov 2027	6.75	IVR BBB/Stable
Bank Guarantee	-	-	-	5.00	IVR A3+
Letter of Credit	-	-	-	15.00	IVR A3+

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-Lifesciences-sep22.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](#).