



Press Release
AAQUARIES GLOBAL INDUSTRIES LIMITED
December 06, 2023
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Issuer Rating (IR)	0.00	ACUITE B Stable Downgraded	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long-term issuer rating (IR) to '**ACUITE B**' (read as **ACUITE B**) from '**ACUITE BBB+(IR)**' (read as **ACUITE triple B plus(Issuer Rating)**) of Aaquaries Global Industries Limited(AGIL). The outlook is '**Stable**'.

Reason for downgrade

The rating downgrade is on account of significant discrepancies and misrepresentation noticed in the information/data submitted by the company during the rating process owing to which the management, business and financial risk profile is reassessed, which now stands relatively much weaker in the comparison to what was envisaged earlier. Hence the rating downgrade action.

About Company

Incorporated in 2007 by Mr. Rajendra Kamat, Mumbai-based Aaquaries Global Industries Limited (AGIL) is currently owned and operated by Mr. Sameer Talim, along with Mr. Ravi Kumar and Mr. Austin Dsouza. The company is engaged in manufacturing and trading of active pharmaceutical ingredients (API) and Intermediates. The Company mainly caters to anticancer and anti-infective APIs. The Company along with its wholly owned subsidiary Aaquaries Global Industries Limited (Dubai) owns around 14 registered patents for producing anticancer, pain killers and infective API's.

About the Group

Aaquaries Group consists of Mumbai based Aaquaries Global Industries Limited and Dubai based wholly owned subsidiary Aaquaries Global Industries Limited (Dubai). The two entities are together engaged in manufacturing and trading of APIs and Intermediates and are managed by Mr. Sameer Ramesh Talim, Mr. Ravi Kumar, Mr. Austin Dsouza.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

The team has considered the consolidated approach of Aaquaries Global Industries Limited and its wholly owned subsidiary- Aaquaries Global Industries Limited(Dubai) due to strong operational and financial linkages as well as common management.

Key Rating Drivers

Strengths

Established track record of operations

Aaquaries Group, under its flagship company AGIL, commenced operations in the year 2007 reflecting an established track record of operations for more than one decade. The group is managed by Mr. Sameer Talim, who has more than 10 years of experience in the pharmaceuticals business

Weaknesses

Material misstatement in information shared by issuer

There have been discrepancies and misstatement in the information provided by the management in regards to the customer information, amount of fixed assets reflected in the balancesheet and lack of clarity on the information provided on the investor of the company i.e. Napean Finvest Private Limited.

Funding risk

The company is planning to issue additional preference shares in FY24. The issue size will be around Rs.1200 crore. The company is in the initial process wherein the company is expecting the issue of the preference shares to Napean Finvest Private Limited. However, the tieup is not yet finalized for the amount, which exposes the company to a funding risk.

Working capital intensive operations

The group's working capital operations are intensive as evident from Gross Current Asset (GCA) of 233 days as on March 31, 2023, as against 180 days as on March 31, 2022. The inventory levels stood at 64 days for FY23 compared to 64 days for FY22. The inventory is stocked up on the basis of the orders received from the customers. The average inventory holding period is around 1 month. The debtor days stood at 120 days for FY23 as against 93 days for FY22. The average credit period allowed to the customers is around 120 days. The creditor days of the group stood 93 days for FY23 as against 76 days for FY21. Majority of raw materials are procured from China and a credit period of around 180 days are received from the suppliers. Acuité believes that the ability of the company to improve its working capital operations will remain key sensitivity in medium term.

Rating Sensitivities

Misrepresentation of information.

Any stretch in working capital cycle leading to deterioration in the liquidity position.

Any major debt addition leading to deterioration in the financial risk profile.

All Covenants

Not Applicable

Liquidity position: Adequate

The group has an adequate liquidity position marked by sufficient net cash accruals against negligible maturing debt obligations.

Outlook:

The outlook may be revised to 'Positive' in case of significant improvement in the scale of operations and profitability along with clarity regarding the misstatements observed in the information. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile of the Group or elongation of the working capital cycle and any negative information in the public domain.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	1894.87	1281.17
PAT	Rs. Cr.	202.25	127.64
PAT Margin	(%)	10.67	9.96
Total Debt/Tangible Net Worth	Times	0.01	0.00
PBDIT/Interest	Times	43.02	368.04

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Dec 2022	Issuer Rating	Long Term	0.00	ACUITE BBB+(IR) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Issuer Rating	Not Applicable	Not Applicable	Not Applicable	Simple	0.00	ACUITE B Stable Downgraded

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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