

Press Release

AMOGEN PHARMA PRIVATE LIMITED July 24, 2023 Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating	
Bank Loan Ratings	72.00	ACUITE B+ Stable Assigned	-	
Bank Loan Ratings	8.00	-	ACUITE A4 Assigned	
Total Outstanding Quantum (Rs. Cr)	80.00	-	-	

Rating Rationale

Acuité has assigned its long term rating of 'ACUITE B+' (read as ACUITE B plus) and short term rating of 'ACUITE A4' (read as ACUITE A four) to the Rs.80 Cr bank facilities of Amogen Pharma Private Limited(APPL). The Outlook is 'Stable'.

Rationale for Rating assigned

Rating assigned considers high networth of the promotors, and proposed manufacturing of API drugs; however, rating is constrained by nascent stage of the project and intense competition in pharmaceutical industry.

About the Company

Amogen Pharma Private Limited, incorporated in 2020. The main objective of the Company is to undertake the business of Bio Pharma Active Pharmaceutical Ingredients manufacturing. At Present, APPL is constructing the factory as per its proposed 1200 KPA (Kgs per annum) Active Pharmaceutical Ingredients (API) manufacturing plant at Karkapatla village, Siddipet district, Telangana. Company has received all the necessary approvals for construction of the plant.

Analytical Approach

Acuite has considered standalone business and financial risk profile of Amogen Pharma Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

High networth of the promotors

The main promoter of the company Mr. Poosapati Venkata Surya Narasimha Raju (PVSN Raju) have more than 2 decades of business experience in the construction activity, along with director Mr. Akhilesh Raju Poosapati, son of Mr. PVSN Raju. Mr. PVSN Raju's high net worth count helps bringing fund towards the project. The company will engage in manufacturing of various Bio Pharma related Active Pharmaceutical Ingredients (API's) and Intermediates with high quality standards as per the Pharmacopeia referred standards specifications. Currently

company is looking for regulatory approvals and arrangement of orders from re	puted pharma
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company is engaged in R&D and sample production of the proposed production of the pr	a industry. The

players. Acuite believes that APPL will be benefitted by its promoter's ability to infuse additional funds and rare & exclusive nature of proposed API drugs over medium term.

Weaknesses

Nascent stage of construction

The company is currently engaged in construction of its manufacturing facility. The total estimated cost of construction of project is Rs.113 Cr, which is proposed to be financed partially by proposed bank loan of Rs ~72 Cr and Rs.41 Cr of promotors contributions in form of equity infusion and unsecured loan. The project is expected to complete by March 2024. The total cost incurred as on date is around Rs 21.36 Cr which is met by promoter's contribution of Rs 20 Cr in the form of equity share capital and unsecured loan. Completion of the project on time without any significant delay and cost overrun would remain key rating sensitivity.

Competitive and fragmented industry

The pharmaceutical formulations and chemical compounds industry has a large number of players which makes this industry highly fragmented and intensely competitive. APPL is a new player, thereby limiting its bargaining power and susceptibility to pricing pressure is also higher compared to well-established and larger players. However, the company's proposal to manufacture rare and exclusive API drugs can enable it to partially offset competitive pressures. Further, it undertakes regular research and development to improve its product offerings. This will help the company is improving its competitive position.

Rating Sensitivities

- Timely completion of the ongoing project without any cost overruns.
- Scale of operations after commencement of manufacturing.
- Timely procurement of orders from other pharma companies

Material covenants

None

Liquidity Position: Adequate

Since the company is in the nascent scale of constructing its manufacturing plant, and is expected to commence its full operations by FY 2024. Liquidity remains stretched and will be aided after sanction and disbursement of the proposed bank loan, however they have financial flexibility support from the promoters, which adds advantage to the company

Outlook: Stable

Acuité believes that APPL will maintain a 'Stable' outlook in near to medium term on account of its experienced management and improving operating performance. The outlook may be revised to 'Positive' if the company is able to achieve higher than expected growth in revenue while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to negative in case of moderation in liquidity profile and its profitability margins, and deterioration in debt protection indicators.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	0.00	0.00

Status of non-cooperation with previous CRA (if applicable)
None

Any other information

None

Applicable Criteria

- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Entities In Manufacturing Sector:- https://www.acuite.in/view-rating-criteria-59.htm
- Rating Process and Timeline: https://www.acuite.in/view-rating-criteria-67.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

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Rating History:

Not Applicable

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	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple		ACUITE B+ Stable Assigned
Not Applicable	Not Applicable	Proposed Short Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A4 Assigned

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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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