

Brawn Laboratories Limited

Instrument	Amount	Rating Action
	In Rs. Crore	As on May 2016
Fund Based Limits	41.00	[ICRA]BB+ (Stable); Assigned
Non Fund Based Limits	8.00	[ICRA]A4+; Assigned

ICRA has assigned its long term rating of [ICRA]BB+ (pronounced ICRA double B plus) to the Rs. 41.00 crore fund based facilities of Brawn Laboratories Limited¹ (BLL). ICRA has also assigned its short term rating of [ICRA]A4+ (pronounced ICRA A three) to the Rs. 8.00 crore non-fund based facility of the company. The outlook on the long term rating is 'Stable'.

ICRA's ratings take into account the extensive experience of BLL's promoters in the pharmaceutical formulation business. The ratings also factor in the healthy growth in operating income registered by the company, which has been driven by healthy demand and expansion to different geographies. The ratings also take cognizance of the company's established relationships with its client base. However, the ratings are constrained by the company's declining profitability on account of high competition in the industry and high registration fees paid for expansion to various countries; however addition of new customers is likely to mitigate this risk to some extent. ICRA also takes note of the vulnerability of the company's profitability to raw material price fluctuations. The ratings further take into account the company's moderate financial profile, as reflected in its moderate net worth and debt coverage indicators.

Going forward, the company's ability to attain an improvement in scale while improving profit margins, optimizing its capital structure and sustaining the improvement in its working capital intensity, will be the key rating sensitivities.

Company Profile

Incorporated in 1990, Brawn Laboratories Limited is a public limited company, operated and managed by the Gupta family. The company is engaged in the pharmaceutical formulation business and caters to both, the domestic and export markets. The company's plant at Faridabad, Haryana has manufacturing lines for tablets, capsules, ointments, syrups and injectibles.

Recent Results

The company, on a provisional basis, reported a profit after tax (PAT) of Rs 1.98 crore on an operating income of Rs. 154.21 crore in FY2016, as against a PAT of Rs. 1.40 crore on an operating income of Rs. 134.89 crore in the previous year.

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¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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