Rating Rationale

Brickwork Ratings on a review reaffirms ratings 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities amounting to ₹ 10 Cr of Acebright (India) Pharma Private Limited.

Brickwork Ratings (BWR) on a review, reaffirms the following **Rating**[1] for the Bank Loan facilities of Acebright (India) Pharma Private Limited *(AIPPL)*.

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating	Review Rating
Fund Based Limits					
Term Loan	4.68	0.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook-Stable)	BWR BB- (Pronounced BWR Double B Minus) (Outlook-Stable) Reaffirmation
Cash Credit	7.00	7.00			
Non-Fund Based Limits					
Inland/Importer Letter of credit	2.00	2.00	Short Term	BWR A4 (Pronounced A Four)	BWR A4 (Pronounced A Four) Reaffirmation
Bank Guarantee	1.00	1.00			
Total	**14.68**	**10.00**	**INR Ten crores Only**		

BWR has principially relied upon the audited financial results up to FY14, projected financials up to FY16 of AIPPL and publicly available information and clarifications provided by the company's management.

The ratings assigned to the bank facilities of Acebright (India) Pharma Private Limited derive strength from the experience of the promoters in the pharmaceutical industry, established manufacturing activities, product mix ,Shanghai Group support, significant R&D efforts.

The ratings are, however, constrained by ALPL's working capital-intensive nature of operations, absence of significant long-term contracts with customers, highly competitive nature of the bulk drug industry and exposure to foreign exchange fluctuation risk. exposure to regulatory risks inherent in the pharmaceutical industry, company's track record of negative profitability margins , modest revenues with cash losses relatively high gearing , weak debt protection metrics, high inventory and payables levels.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Background:

Acebright (India) Pharma Private Limited was established in 1994 in Bangalore, Karnataka. AIPPL is primarily engaged in the manufacturing of Oncology APIs(Capecitabine,Imatinib mesylate, Gefitinib, Pemetrexed disodium, Erlotinib hcl,Dasatinib)a nd General APIs(Tenofovir Disoproxil Fumarate, Atazanavir Sulfate,Lopinavir,Abacavir Sulphate,Oseltamivir phosphate, Ritonavir, Efavirenz). The manufacturing facility of General API block I (PB1) installed capacity is 200 M. Tons per annum and Production Block II (PB II) has set up as Oncology manufacturing facility with a capacity of 35 M. Tons per annum.

AIPPL is part of the Shanghai Acebright Pharmaceuticals Group Co.,Ltd. (formerly known as Shanghai Desano Group) was founded in 1996, Headquartered in Shanghai ,China. Acebright has established a number of GMP standard manufacturing sites in China (Shanghai, Dafeng, Qidong, Chifeng) and India (Bangalore, Goa).

Mr.MANORAMA AVINASH and Mr.YING KAN are the Directors of the company.

Financial Performance:

The net sales of AIPPL grew from ₹ 59.84 Crores in FY13 to ₹ 141.45 Crores in FY14 , while the net losses reduced from ₹ 21.94 Crores in FY13 to ₹ 14.63 Crores in FY14.

The Net worth of the Company stood at ₹ 36.31 Crores as on March 31st, 2014 .The debt equity ratio is high at 2.13 times in FY14. The Current Ratio is at 0.77 times in FY14.

Rating Outlook:

Outlook for the company next 12 months is expected to be stable. Going forward, improve scale of operation, profitability margin along-with effective management of

Working capital, ability of the company to widen its clientele base and product portfolio are the key rating sensitivities.

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