Rating Rationale

Brickwork Ratings assigns Rating of 'BWR B' for the proposed Bank Loan Facilities aggregating ₹ 5.06 Cr of CPR Laboratories (OPC) Pvt Ltd

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for Bank Loan Facilities of CPR Laboratories (OPC) Pvt Ltd ("CPR" or "the Company")

Facility	Proposed Limits (₹ Cr)	Tenure	Rating
Fund Based Limits		Long Term	**BWR B** (Pronounced BWR Single B) **Outlook-Stable**
Cash Credit	0.81		
Term Loan	4.25		
Total	**5.06**	**INR Five Crore Six Lakh Only**	

***The proposal is under active consideration at State Bank of Patiala**

BWR has essentially relied upon the projected financials of the company, publicly available information and the information/clarifications provided by the firm's Management.

The ratings draw comfort from the experience of the management in the pharmaceutical industry and the favourable demand prospects for the Applied Pharmaceutical Ingredients (API's). However, the rating assigned is constrained by project completion risk, bank sanction risk, cost and time escalations for delayed project completion if any, promoter is yet to bring his contribution towards equity, highly competitive market and projected revenues not supported by orders.

Background:

M/s CPR LABORATORIES (OPC) PVT Ltd, was formed as a One Person Company in March 2016 with the objective of manufacturing bulk drugs of different therapeutic categories. The registered office & the plant under construction is located at Plot No. at 23 I PART, APIIC - SEZ, Lalam Koduru, Atchutapuram, Vishakapatnam, Andhra Pradesh. The total capacity of the plant for manufacturing the proposed is 230 Metric Tons per annum to manufacturing Celecoxib.

GLPL is promoted by Mr. Dalai Ravi Kumar Director (hold 100% in Company's shareholding)

Project Profile:

The Company has acquired land from APIIC, APIIC - SEZ, Lalam Koduru, Atchutapuram, Vishakapatnam for setting up the plant for the purpose of manufacturing Bulk drugs. The estimated capital cost of the project is ~ The Total Project cost for the proposed unit is estimated and works out to Rs. 5.76 crore.

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

The project is proposed to be funded through term loan from bank to an extent of Rs. 4.25 crore and remaining through Equity. The plant would be put on trial run during March 2017 and the commercial production is expected to start from April 2017

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the ability of the Company to commence operations without any delay and cost escalation, get the proposed bank sanction, market acceptance of the products, generate revenues as projected and ensure timely debt servicing would be the key rating sensitivities.

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