

Press Release

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Credit Facilities of ₹ 7.99 Cr for Legency Remedies Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities with **State Bank of India** to Legency Remedies Pvt. Ltd.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit (Fund-Based)	2.50	Long Term	BWR BB - (BWR Double B Minus) Outlook: Stable
Term Loan (Fund-Based)	5.24		
Bank Guarantee (Non Fund-Based)	0.25	Short Term	BWR A4 (BWR A Four)
Total	7.99 (INR Seven Crores & Ninety Nine Lakhs only)		

BWR has principally relied upon the audited financial statements of FY11, FY12, provisional statements of FY13, the projected financial statements of FY14, publicly available information and information/clarification provided by the Company's management.

The ratings factor, inter alia, the top line growth for the FY13, and strategical location of manufacturing unit in SEZ Baddi(Himachal Pradesh). The rating is however constrained by competition from similar players in vicinity limiting scope of growth, mediocre scale of operation and limited track record of promoters.

Company Background

Legency Remedies Private Limited is one of the CGMP and ISO 9001:2008 approved manufacturers and supplier of pharmaceutical preparations products such as Sterile Water, Eye drops, Salbutamol Respirator Solution, Budesonide Respirator Suspension and Sodium Chloride Injection. The company was incorporated in the year 2005 and started its operations during FY 10 in Baddi, Himachal Pradesh. The manufacturing unit is equipped with Form Fill Seal (FFS) technology for packaging the products.

Management Profile

The key management and promoters of the company are Mr. Manoj Jain, Mr Bodh Raj Jain and Dr. Ramesh Goyal. Mr. Manoj Jain is CFA and MBA graduate. Mr. Bodh Raj Jain is a B.A. Graduate and Dr Ramesh Goyal runs a dental clinic.

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

Financial Performance

The major revenues of the Company pertain to sterile water and sodium chloride injections which mainly account for approx. 95% of the total turnover. The Company's revenue stood at Rs. 9.36 Cr during FY13 as against Rs. 3.63 Cr during FY12. Though operating profit levels increased by 69% during FY13 to Rs 2.14 Cr as against Rs. 1.27 Cr during FY12, the margins stood at 22.19% during FY 13 as against 35.08% during FY12. Consequently the net profits stood at Rs. 0.82 Cr during FY13 as against Rs. 0.42 Cr during FY12.

Till July 2013, the promoters have infused funds in the form of share application money in the business to the tune of Rs. 1.99 Cr which will bring down the leverage.

Rating Outlook

The Company's outlook depends on its ability to achieve projected growth, sustaining its operating profit margins against high competition in the pharmaceutical formulation sector. Ability of promoters to infuse funds and expand market will be key rating sensitives. Based on this, the outlook is proposed to be stable.

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