

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ for the Bank Loan Facilities amounting ₹11.98 Cr of Maysa Labs Private Limited

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities amounting to ₹11.98 Crores of **Maysa Labs Private Limited** (“MLPL” or “the Company”):

Facility	Limits (₹Cr)	Tenure	Rating
Fund Based:		Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Cash Credit	5.85		
Term Loan	6.13 *		
Total	11.98	INR Eleven Crores and Ninety Eight Lakhs Only	

*Outstanding amount as on March 2015

BWR has essentially relied upon the Company’s audited financial results upto FY14, projections upto FY16, publicly available information and clarifications provided by the Company.

The rating has factored the promoters’ extensive experience in the pharmaceutical industry, range of products and established clientele worldwide. The rating strengths are partially offset by the limited track record of operations of the company, small scale of operations, exposure to regulatory risks in the pharmaceutical industry, volatility in raw material prices and working capital intensive nature of operations.

Background:

Maysa Labs Privated Limited (originally known as Maysa Impex Pvt Ltd) was established in March 2013 at Hyderabad, Telangana. It commenced operations by acquiring Sravani Labs Pvt Ltd, a USFDA Complaint pharmaceutical formulations facility located at Nacharam Industrial Area, Hyderabad. Through this acquisition, MLPL had ready access to over 140 pharmaceutical products registered by SLPL alongwith its established marketing network, achieved faster scalability and could also roll out products faster as per customer requirements.

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

Maysa Labs manufactures and exports Branded Finished Formulations, Generics Formulations, Vitamins and Supplements in over 14 countries. MLPL's product range includes Solid Oral Dosages, Liquid Oral Dosages, Injectables, Surgical, Pharmaceutical Formulation Intermediates (PFIs) and active pharmaceutical ingredients (APIs) which are distributed in various countries in Africa, South East Asia and North America. Some of the key export customers of MLPL are American Agro, Natra Pharma, Action Pharma, Davicap, Gulf Pharma, Target Pharma etc.

Management:

Mrs. CH Suguna Devi, Mr. Srinivas V and Mr. Venkat C are the Directors. The day to day operations are handled by Mr. Sri Sailababu, CEO.

Financial Performance:

Commercial production was started by MLPL in January 2014. MLPL reported a profit after tax (PAT) of ₹ 0.05 Cr. on Total operating income of ₹5.30 Cr for 2MFY14. On a provisional basis, MLPL has reported Rs14 Cr approx. for FY15.

Rating Outlook:

The rating outlook is expected to be stable over the next year. Going forward, the ability of the company to increase its scale of operations profitably, diversify its customer profile, strengthen its capital structure and manage its working capital efficiently will be the key rating sensitivities.

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