Brooks Laboratories Limited

August 25, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Ratings Action
Long-term Bank Facilities	27.46	**CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]**	Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*) on the basis of best available information
Short-term Bank Facilities	2.50	**CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]**	Revised from CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*) on the basis of best available information
Total Facilities	**29.96 (Rs. Twenty Nine crore and Ninety Six lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 07, 2020, placed the ratings of Brooks Laboratories Limited (BLL) under the 'issuer non-cooperating' category as BLL had failed to provide information for monitoring of the rating as agreed to, in its Rating Agreement. BLL continues to be non-cooperative despite repeated requests for submission of information through e-mails and phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in the rating assigned to the bank facilities of Brooks Laboratories Limited (BLL) factors in instances of delays in the servicing of the debt obligations in the past.

Detailed description of the key rating drivers

Key Rating Weakness

Instances of delays in the debt servicing: As per the account statements shared by the company, there have been instances of delays in servicing of the repayment obligations of the term loans availed by the company. Further, there has also been an instance of overdrawal in the cash credit account.

Analytical approach: Standalone

Applicable Criteria

CARE's policy on default recognition
Policy in respect of Non-cooperation by issuer
Financial ratios – Non-Financial Sector
Liquidity Analysis of Non-Financial Sector Entities
Criteria for Short Term Instruments
CARE's methodology for Pharmaceutical Sector

About the Company

The company was initially incorporated as Brooks Pharmaceuticals in 2000 and subsequently rechristened as BLL in 2002. BLL is engaged in the contract manufacturing of pharmaceutical formulations at its two manufacturing facilities, one each in Baddi (Himachal Pradesh) and Vadodra (Gujarat). It is operating at a combined installed capacity of 2.30 crore units per annum for liquid injection vials, 13.82 crore units per annum for tablets, 2.02 crore units per annum for dry syrup, 5.76 crore

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications*
**Issuer did not cooperate; Based on best available information*

units per annum for liquid injection ampoules, 2.30 crore units per annum for eye/ear drops, and 5.18 crore units per annum for dry powder injection and 25 crore units per annum for injections as on December 31, 2018. The products manufactured by the company find application in various therapeutic segments including antibacterial, anti-biotics, antigastric, antimalarial, life-saving drugs etc. BLL also supplies generic formulations on tender basis in states like Gujarat, Jammu & Kashmir, Mumbai and West Bengal. The company derived 40% of its income in FY18 from this segment. The company also engages in export sales to Yemen, Afghanistan etc. while some domestic sales are also being made under self-owned brand. The proportion of income from these two segments, however, remains low. BLL's plant in Gujarat has obtained the EU-GMP (European Union Good Manufacturing Practices) certification in December-2017. Further, both of BLL's manufacturing plants are WHO-GMP certified by the World Health Organisation (WHO) headquartered in Geneva.

Brief Financials (Rs. crore)	FY19(A)	FY20 (A)
Total operating income	57.96	70.06
PBILDT	-5.49	-2.19
PAT	-14.80	-24.38
Overall gearing (times)	0.30	0.28
Interest coverage (times)	NM	NM

A: Audited
NM: Not meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-BG/LC	-	-	-	2.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	December-2025	17.46	CARE D; ISSUER NOT COOPERATING*

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Non-fund-based - ST-BG/LC	ST	2.50	CARE D; ISSUER NOT COOPERATING*	1)CARE A4; ISSUER NOT COOPERATING* (07-May-20)	-	1)CARE A4+ (19-Mar-19) 2)CARE A4+ (07-Jun-18)	1)CARE A3 (05-Mar-18)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE D; ISSUER NOT COOPERATING*	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (07-May-20)	-	1)CARE BB+; Stable (19-Mar-19) 2)CARE BB+; Stable (07-Jun-18)	1)CARE BBB-; Negative (05-Mar-18)
3.	Fund-based - LT-Term Loan	LT	17.46	CARE D; ISSUER NOT COOPERATING*	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (07-May-20)	-	1)CARE BB+; Stable (19-Mar-19) 2)CARE BB+; Stable (07-Jun-18)	1)CARE BBB-; Negative (05-Mar-18)

**Issuer did not cooperate; Based on best available information*

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company/firm

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-BG/LC	Simple

***Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.