



Vivimed announces the sale of certain products in its Speciality Chemicals division

The transaction values the identified products, trademarks and related assets at Rs. 3,800 million

A major portion of the sale proceeds to be utilized for optimising capital structure and preparing for the next leg of growth across its business units

Hyderabad, India, September 29, 2015 – Vivimed Labs Limited (“Vivimed” or the Company), a niche Specialty Chemicals and Pharmaceuticals company, announced today the signing of a definitive agreement for the transfer and sale of identified products along with their associated trademarks and assets within the Speciality Chemicals division, subject to requisite regulatory, statutory and shareholders’ approvals. As part of this transaction, the Company will divest certain products within its specialty chemicals portfolio to Clariant India Limited, a subsidiary of world’s leading speciality chemical company, Clariant AG of Switzerland. The transaction values the identified product lines at an enterprise value of Rs. 3,800 million.

The potential transaction was taken on board and forwarded for shareholders’ approval in a meeting of the Board of Directors of Vivimed held on September 12, 2015.

The part of the Speciality Chemicals division’s business, which is proposed to be divested, accounted for about 10% of the Consolidated Revenue from Operations in FY2015.

A major portion of the receipts will be used to reduce debts thereby saving substantial interest costs going forward. Furthermore, it will provide increased financial flexibility to pursue profitable growth across both its business segments with focus on growing Pharmaceutical API and finished Dosage forms businesses in regulated markets.

Commenting on the development, **Mr. Santosh Varalwar, Managing Director and CEO** said:

“I am pleased to announce an important strategic development at Vivimed. This transaction will help us significantly improve financial flexibility for future growth. We are confident that this transaction, once completed, will position Vivimed optimally to the next level of growth, across its Speciality Chemicals and Pharmaceuticals businesses.

Over the years, we have built a strong manufacturing platform, product portfolio and brand equity for our Speciality Chemicals division. While we have divested a part of our Specialty Chemicals portfolio, we still retain a significant portion of the business which is well placed to deliver financial returns, on the back of our product offerings and value based customer relationships.”

“The excluded part of our Speciality Chemicals’ business will be a differentiated offering in the market place with a focus on niche segments, complemented by a scalable manufacturing base and will be well positioned to aspire for growth in the focus segments. Its margin profile will be similar to the ones enjoyed by our overall Speciality Chemicals portfolio, and we believe its growth drivers are strong. Our management team also believes that this development will give us the opportunity to capitalize on the opportunities we see for the Company, across our focus segment.” added **Mr. Saurabh SG, Director Strategy**.

