

March 8, 2013

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
VIVIMED LABS LTD**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	109.07 (enhanced from 85.11)	CARE A- (Single A Minus)	Reaffirmed
Short-term Bank Facilities	166 (enhanced from 152)	CARE A2+ (A Two Plus)	Reaffirmed
Total facilities	275.07		

Rating Rationale

The rating continues to derive strength from the experienced and qualified promoter and management team, track record of operations with a unique diversified portfolio of pharmaceutical products and speciality chemicals and geographically well-diversified with reputed customer base. The rating also factors in successful operations of the acquired units, substantial growth in turnover and profits and satisfactory profitability margins despite decline during FY12 (refers to the period April 2011 to March 2012) and 9MFY13 on consolidated basis. The rating is, however, constrained by pending Triclosan issue, high gearing levels, despite the improvement as on March 31, 2012, and high working capital utilisation, foreign exchange fluctuation risk, ongoing capex plans and competition from other Indian manufacturers as well as manufacturers in other countries. Completion of the ongoing capex without deterioration in the capital structure, outcome of Triclosan review, continued successful operations of acquired units and improvement in profitability are the key rating sensitivities.

Background

Incorporated in 1988, Vivimed Labs Limited (VLL) is a listed company engaged in the business of manufacturing products (active ingredients, formulations, etc) for pharmaceutical, personal care and colour chemistry industry. VLL (Consolidated) has manufacturing facilities in India and Overseas.

During FY12, VLL acquired 75-year old Spain-based API and intermediate manufacturing company - Uquifa, 30 year old Kolkata-based pharmaceutical company - Klar Sehen P Ltd (KSPL) and Hyderabad-based pharmaceutical marketing company- Octantis Nobel Pvt Ltd (ONPL). Furthermore, VLL has recently proposed to acquire Finoso Pharma for USD 2.8 mn. Finoso Pharma is a full-service formulation research and development services company that partners with global pharmaceutical companies in formulation development and regulatory registration programmes.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publication.



Press Release

In FY12 (refers to the period April 1 to March 31), VLL achieved net sales of Rs.669 crore and PAT of Rs.63 crore. Furthermore, for Un-audited 9MFY13, VLL has registered net sales of Rs.811 crore with PAT of Rs.69 crore.

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