

Vivimed Labs Limited (Revised)

April 30, 2021

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Ratings | Rating Action |
|------------------------------|--|---|--|
| Long Term Bank Facilities | 266.93 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 109.50 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 376.43 (Rs. Three Hundred Seventy-Six Crore and Forty-Three Lakhs Only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 20, 2020, placed the rating of Vivimed Labs Limited (VLL) under the 'issuer non-cooperating' category as VLL had failed to provide information for monitoring of the rating. VLL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated April 21, 2021, April 22, 2021 and April 26, 2021. 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).

Detailed description of the key rating drivers

At the time of last rating on March 20, 2020 the following were the rating strengths and weaknesses:

Key Rating Weaknesses***Cash flow mismatches and stretched liquidity resulting in ongoing delays in debt servicing***

The liquidity profile of VLL deteriorated on account of cash flow mismatches. The same has resulted in delays with respect to debt servicing of the company.

Analytical approach: Consolidated; CARE has considered the consolidated financials and business profile of VLL and its subsidiaries.

Applicable criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios- Non-Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

[Rating Methodology-Pharmaceutical Sector](#)

[Rating Methodology-Factoring Linkages in Ratings](#)

[Rating Methodology-Consolidation](#)

[Criteria for - Short Term Ratings](#)

About the Company

Vivimed Labs Limited (VLL) incorporated in 1988 is a Hyderabad-based listed company engaged in manufacturing of pharmaceuticals (APIs and formulations for various therapeutic segments), personal care and colour chemistry industrial products. VLL has manufacturing facilities in India and Overseas (under subsidiaries). Within the FDF business, it provides contract manufacturing services to some of its marquee clients in the pharmaceuticals space, namely Novartis International AG, Glenmark Pharmaceuticals, Lupin, GlaxoSmithKline Pharmaceuticals Ltd. (GSK Pharmaceuticals), Dr. Reddy's Laboratories, Cipla, Abbott Laboratories, Merck Serono, Wockhardt, and so on. VLL has 12 manufacturing facilities, 6 R&D centres and global support offices in India, China, Europe and the US which adhere to the highest levels of compliance and manufacture high-quality products.

| Brief Financials (Rs. crore) | FY19 (A) | FY20 (A) |
|------------------------------|----------|----------|
| Total operating income | 1326.22 | 1062.52 |
| PBILDT | 182.04 | 18.28 |
| PAT | 57.37 | -109.12 |
| Overall gearing (times) | 1.58 | 2.10 |
| Interest coverage (times) | 2.52 | 0.29 |

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

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

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 |
|---|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Cash Credit | - | - | - | 152.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | - | - | - | 46.00 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | - | - | July 2021 | 82.43 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - ST-EPC/PSC | - | - | - | 32.50 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - ST-Bills discounting/ Bills purchasing | - | - | - | 30.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantees | - | - | - | 1.00 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-External Commercial Borrowings | - | - | March 2019 | 32.50 | 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 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 |
| 1. | Fund-based - LT-Cash Credit | LT | 152.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE BB; Stable (24-Jul-18) 3)CARE BB; Stable (11-Jul-18) |
| 2. | Non-fund-based - ST-Letter of credit | ST | 46.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) |

| | | | | | | | | |
|----|--|----|-------|---------------------------------------|--|---|---|---|
| | | | | | | | 2)CARE D (01-Apr-19) | 3)CARE A4 (11-Jul-18) |
| 3. | Fund-based - LT- Term Loan | LT | 82.43 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE BB; Stable (24-Jul-18) 3)CARE BB; Stable (11-Jul-18) |
| 4. | Fund-based - ST- EPC/PSC | ST | 32.50 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) |
| 5. | Fund-based - ST- Bills discounting/ Bills purchasing | ST | 30.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) |
| 6. | Fund-based - ST- Standby Line of Credit | ST | - | - | - | - | - | 1)Withdrawn (24-Jul-18) 2)CARE A4 (11-Jul-18) |
| 7. | Non-fund-based - ST-Bank Guarantees | ST | 1.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) |
| 8. | Fund-based - LT- External Commercial Borrowings | LT | 32.50 | CARE D; ISSUER NOT COOPERATING* | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) | - | 1)CARE D; ISSUER NOT COOPERATING* (20-Mar-20) 2)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE BB; Stable (24-Jul-18) 3)CARE BB; Stable (11-Jul-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

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|---|------------------|
| 1. | Fund-based - LT-Cash Credit | Simple |
| 2. | Fund-based - LT-External Commercial Borrowings | Simple |
| 3. | Fund-based - LT-Term Loan | Simple |
| 4. | Fund-based - ST-Bills discounting/ Bills purchasing | Simple |
| 5. | Fund-based - ST-EPC/PSC | Simple |
| 6. | Non-fund-based - ST-Bank Guarantees | Simple |
| 7. | Non-fund-based - ST-Letter of credit | Simple |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. 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.

Disclaimer

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