

**Vivimed Labs Limited<sup>(Revised)</sup>**

July 23, 2024

| Facilities/Instruments     | Amount<br>(₹ crore) | Rating <sup>1</sup>             | Rating Action  |
|----------------------------|---------------------|---------------------------------|--|
| Long Term Bank Facilities  | 266.93              | CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 109.50              | CARE D; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

**Rationale and key rating drivers**

CARE had, vide its press release dated June 19, 2023, placed the rating(s) 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 May 04, 2024 to May 24, 2024. In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE Rating'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 reaffirmation in the ratings assigned to the bank facilities of Vivimed Labs Limited (VLL) is primarily due to continued delays in the company's ability to meet debt obligations due to cash flow mismatches and deterioration in the liquidity profile.

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

**Outlook:** Not Applicable

**Detailed description of the key rating drivers:**

At the time of last rating on [June 19, 2023](#) the following were the rating strengths and weaknesses

**Key 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.

**Decline in financial performance:** The company's revenue declined to Rs. 187.10 crore in FY23 (consolidated) from Rs. 237.29 crore in FY22. Further, the loss reported reduced from Rs. -67.65 in FY22 to Rs. -328.53 crore in FY23(A).

**Key strengths**

**Experienced & qualified promoters and management team:** The promoters of VLL have over two decades of experience in the pharmaceutical and chemical business. Mr. Santosh Varalwar (Managing Director), a management graduate, is primarily responsible for developing new markets for the company's products. VLL's board is ably supported by a team of professionals in the areas of finance, marketing, quality control, R&D, material and production.

**Long-track record of operations with a unique diversified product portfolio backed by marquee clientele:** VLL, established in 1988, is a global player engaged in manufacturing of speciality chemicals and pharmaceutical products. The company has 12 manufacturing facilities and 6 R&D facilities spread across the globe.

**Liquidity:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

**Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

<sup>1</sup>

Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

[Factoring Linkages Parent Sub JV Group](#)  
[Liquidity Analysis of Non-financial sector entities](#)  
[Policy in respect of non-cooperation by issuers](#)  
[Rating Outlook and Rating Watch](#)  
[Manufacturing Companies](#)  
[Pharmaceuticals](#)  
[Financial Ratios – Non financial Sector](#)  
[Short Term Instruments](#)

## About the company and industry

### Industry classification

| Macro Economic Indicator | Sector     | Industry                        | Basic Industry  |
|--------------------------|------------|---------------------------------|-----------------|
| Healthcare               | Healthcare | Pharmaceuticals & Biotechnology | Pharmaceuticals |

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 (₹ crore) - Consolidated | March 31, 2022 (A) | March 31, 2023 (A) | 9MFY24 (UA) |
|---|--------------------|--------------------|-------------|
| Total operating income                    | 237.29             | 187.10             | 110.46      |
| PBILDT                                    | -8.06              | -187.31            | -2.60       |
| PAT                                       | -67.65             | -328.53            | -50.71      |
| Overall gearing (times)                   | 2.12               | -2.42              | NA          |
| Interest coverage (times)                 | -0.20              | -5.22              | -0.07       |

A: Audited UA: Unaudited; NA: Not Available; Note: 'the above results are latest financial results available'

| Brief Financials (₹ crore) - Standalone | March 31, 2022 (A) | March 31, 2023 (A) | 9MFY24 (UA) |
|---|--------------------|--------------------|-------------|
| Total operating income                  | 219.63             | 177.06             | 102.61      |
| PBILDT                                  | -7.96              | -187.94            | -0.84       |
| PAT                                     | -67.75             | -328.01            | -49.90      |
| Overall gearing (times)                 | 1.35               | 8.59               | NA          |
| Interest coverage (times)               | -0.20              | -5.33              | -0.02       |

A: Audited UA: Unaudited; NA: Not Available; Note: 'the above results are latest financial results available'

**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:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument                             | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Cash Credit                        |      | -                             | -               | -                          | 152.00                      | CARE D;<br>ISSUER NOT COOPERATING*        |
| Fund-based - LT-External Commercial Borrowings     |      | -                             | -               | March 2019                 | 32.50                       | CARE D;<br>ISSUER NOT COOPERATING*        |
| Fund-based - LT-Term Loan                          |      | -                             | -               | July 2021                  | 82.43                       | CARE D;<br>ISSUER NOT COOPERATING*        |
| Fund-based - ST-Bill Discounting/ Bills Purchasing |      | -                             | -               | -                          | 30.00                       | CARE D;<br>ISSUER NOT COOPERATING*        |
| Fund-based - ST-EPC/PSC                            |      | -                             | -               | -                          | 32.50                       | CARE D;<br>ISSUER NOT COOPERATING*        |
| Non-fund-based - ST-Bank Guarantee                 |      | -                             | -               | -                          | 1.00                        | CARE D;<br>ISSUER NOT COOPERATING*        |
| Non-fund-based - ST-Letter of credit               |      | -                             | -               | -                          | 46.00                       | CARE D;<br>ISSUER NOT COOPERATING*        |

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for the last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                                    | Rating History                              |   |   |   |
|---------|--|-----------------|------------------------------|------------------------------------|---|---|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating                             | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024         | Date(s) and Rating(s) assigned in 2022-2023         | Date(s) and Rating(s) assigned in 2021-2022         |
| 1       | Fund-based - LT-Cash Credit            | LT              | 152.00                       | CARE D;<br>ISSUER NOT COOPERATING* | -   | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(19-Jun-23) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(31-May-22) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(30-Apr-21) |
| 2       | Non-fund-based - ST-Letter of credit   | ST              | 46.00                        | CARE D;<br>ISSUER NOT COOPERATING* | -   | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(19-Jun-23) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(31-May-22) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(30-Apr-21) |
| 3       | Fund-based - LT-Term Loan              | LT              | 82.43                        | CARE D;<br>ISSUER NOT COOPERATING* | -   | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(19-Jun-23) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(31-May-22) | 1)CARE D;<br>ISSUER NOT COOPERATING*<br>(30-Apr-21) |

| Sr. No. | Name of the Instrument/Bank Facilities             | Current Ratings |                              |                                 | Rating History                              |   |   |   |
|---------|--|-----------------|------------------------------|---------------------------------|---|---|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating                          | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024   | Date(s) and Rating(s) assigned in 2022-2023   | Date(s) and Rating(s) assigned in 2021-2022   |
| 4       | Fund-based - ST-EPC/PSC                            | ST              | 32.50                        | CARE D; ISSUER NOT COOPERATING* | -   | 1)CARE D; ISSUER NOT COOPERATING* (19-Jun-23) | 1)CARE D; ISSUER NOT COOPERATING* (31-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) |
| 5       | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST              | 30.00                        | CARE D; ISSUER NOT COOPERATING* | -   | 1)CARE D; ISSUER NOT COOPERATING* (19-Jun-23) | 1)CARE D; ISSUER NOT COOPERATING* (31-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) |
| 6       | Non-fund-based - ST-Bank Guarantee                 | ST              | 1.00                         | CARE D; ISSUER NOT COOPERATING* | -   | 1)CARE D; ISSUER NOT COOPERATING* (19-Jun-23) | 1)CARE D; ISSUER NOT COOPERATING* (31-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) |
| 7       | Fund-based - LT-External Commercial Borrowings     | LT              | 32.50                        | CARE D; ISSUER NOT COOPERATING* | -   | 1)CARE D; ISSUER NOT COOPERATING* (19-Jun-23) | 1)CARE D; ISSUER NOT COOPERATING* (31-May-22) | 1)CARE D; ISSUER NOT COOPERATING* (30-Apr-21) |

\*Issuer did not cooperate; based on best available information.

\*LT: Long term; ST: Short term.

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

### Annexure-4: Complexity level of the various instruments rated

| 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-Bill Discounting/ Bills Purchasing | Simple           |
| 5       | Fund-based - ST-EPC/PSC                            | Simple           |
| 6       | Non-fund-based - ST-Bank Guarantee                 | Simple           |
| 7       | Non-fund-based - ST-Letter of credit               | Simple           |

### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

### Annexure-6: List of all the entities consolidated

| Sr No | Name of the entity             | Extent of consolidation | Rationale for consolidation |
|-------|--------------------------------|-------------------------|-----------------------------|
| 1     | Finoso Pharma Private Limited  | 100%                    | Wholly owned subsidiary     |
| 2     | Vivimed Holdings Limited       | 100%                    | Wholly owned subsidiary     |
| 3     | Vivimed Labs USA Inc           | 100%                    | Wholly owned subsidiary     |
| 4     | Vivimed Labs Mauritius Limited | 100%                    | Wholly owned subsidiary     |

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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