

Vivimed Labs Limited

May 31, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	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 April 30, 2021, 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 7, 2022, May 16, 2022, May 20, 2022. 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.

Detailed description of the key rating drivers

At the time of last rating on April 30, 2021 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.

Decline in financial performance

The company's revenue declined to Rs. 176.85 crore in 9MFY22 (consolidated) from Rs. 861.47 crore in FY21. However, the loss reported reduced from Rs. 77.80 in FY21 to Rs. 49.31 crore in 9MFY22 (UA).

Key Rating 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.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

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

Applicable Criteria

[Policy on default recognition](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Short Term Instruments](#)

[Rating methodology-manufacturing companies](#)

[Rating Methodology-Pharmaceutical Sector](#)

[Rating Methodology: Notching by factoring linkages in Ratings](#)

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

[Rating Methodology-Consolidation](#)

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.

A: Audited UA: Unaudited

Brief Financials (Rs. crore)- Consolidated	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	1062.52	861.47	176.85
PBILDT	18.28	23.78	-6.27
PAT	-109.12	-77.80	-49.31
Overall gearing (times)	1.58	2.10	NA
Interest coverage (times)	0.29	0.44	-0.21
Brief Financials (Rs. crore)- Standalone	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	276.61	210.05	165.94
PBILDT	40.33	21.79	63.69
PAT	-19.17	-29.19	-49.14
Overall gearing (times)	0.64	0.61	NA
Interest coverage (times)	0.91	0.53	2.15

A: Audited UA: Unaudited NA: Not 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 for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	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-Bill Discounting/ Bills Purchasing	-	-	-	-	30.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	1.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-External Commercial Borrowings	-	-	-	March 2019	32.50	CARE D; ISSUER NOT COOPERATING*

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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
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)
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) 2)CARE D (01-Apr-19)
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)
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)
5	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	30.00	CARE D; ISSUER NOT COOPERATING	-	1)CARE D; ISSUER NOT COOPERATING	-	1)CARE D; ISSUER NOT COOPERATING

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
				*		*(30-Apr-21)		*(20-Mar-20)
6	Non-fund-based - ST-Bank Guarantee	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)
7	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)

* Long Term / Short Term

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 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: Bank Lender Details for this Company

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

Annexure 6: List of subsidiaries in consolidated financials.

Sr. No.	Subsidiaries
1	Vivimed Labs Limited (Standalone)
2	Finoso Pharma Private Limited
3	Vivimed Holdings Limited
4	Vivimed Labs USA Inc
5	Vivimed Labs Europe Limited
6	Vivimed Labs UK Limited
7	Vivimed Labs Spain S.L
8	Union Quimico Farmaceutica S.A.U
9	UQUIFA, Mexico
10	Vivimed Labs Mauritius Limited
11	Holiday International Limited
12	Vivimed Labs (Mascarene) Limited
13	Vivimed Specialty Chemicals Private Limited
14	Vivimed Life Sciences Private Limited
15	Vivimed Global Generics PTE Ltd.
16	Klarsehen Private Ltd
17	Creative Healthcare Private Ltd
18	UQUIFA India Private Limited

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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