

**AUGUST 07, 2015**

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND PROPOSED CP OF LAURUS LABS PVT. LTD.**

**Ratings**

| Facilities/ Instruments      | Amount<br>(Rs. crore)                                                              | Ratings <sup>1</sup> | Remarks    |
|------------------------------|------------------------------------------------------------------------------------|----------------------|------------|
| Long-term Bank Facilities    | 1,034.60 (reduced from Rs. 1,101.80 crore)                                         | CARE A<br>(Single A) | Reaffirmed |
| Short-term Bank Facilities   | 302.00                                                                             | CARE A1<br>(A One)   | Reaffirmed |
| <b>Total Bank Facilities</b> | <b>1,336.60 (Rs one thousand three hundred and thirty six and sixty lakh only)</b> |                      |            |
| Proposed Commercial Paper*   | 100.00<br>(Rs one hundred only)                                                    | CARE A1<br>(A One)   | Reaffirmed |

\*carved out of working capital limits of the company

**Rating Rationale**

The ratings assigned to the bank facilities and proposed commercial paper of Laurus continues to take into consideration healthy growth in revenue backed by strong demand for existing products globally, equity infusion by private equity investor and resultant improvement in the capital structure, promoter's experience, regulatory approvals from various countries for the company's manufacturing and research and development (R&D) facilities, healthy product pipeline, reputed customer base coupled with strong flow of repeat orders, proven R&D capabilities and favourable industry prospects. The ratings are, however, constrained by rise in debt funded capacity expansion, high working capital requirements, decline in profitability margins during FY15 (refers to the period from April 1 to March 31) and risks associated with capacity expansion planned during FY16. The ability of the company to maintain healthy growth in revenue and profitability, successfully complete planned expansion without any adverse impact on the capital structure and, continuously add new products to its portfolio in order to have a diversified revenue base are the key rating sensitivities.

**Background**

Incorporated in September 2005, Laurus Labs Private Limited (Laurus) is promoted by Dr C. Satyanarayana, Chief Executive Officer (CEO) of the company. The company is primarily engaged in the manufacturing of active pharmaceutical ingredients (APIs) and related intermediates with a strong presence in anti-retroviral (ARV) and oncology segments. Headquartered in Hyderabad, the company's manufacturing facility is located in Jawaharlal Nehru Pharma City, Visakhapatnam. In FY08, the company entered into a strategic partnership agreement with Aptuit (Singapore) Pvt. Ltd. (ASPL), subsidiary of Aptuit Inc. a US-based drug development services company. Consequent to the strategic partnership, the name of the company was changed to Aptuit Laurus P Ltd. effective July 2007. In February 2012, Fidelity Growth Partners India (Fidelity) acquired a stake in the company and pursuant to the same, the company has been renamed to Laurus Labs Private Limited. During October 2014, Warburg Pincus through its affiliate Bluewater Investment Ltd. invested Rs 300 crore in the company to meet growth requirements. Warburg Pincus has also acquired part stakes held by Fidelity and a few other promoter associates.

The total operating income of the company grew by 16.7% to Rs 1,362.61 crore in FY15 and the company earned a net profit of Rs. 73.57 crore during the same period (FY14: Rs.99.12 crore).

**Analyst Contact**

Name: Mr. Vidhyasagar L

Tel: 040 – 69000517

Email: vidhya.sagar@careratings.com

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

**Disclaimer:** CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**CONTACT****Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Ms. Meenal Sikchi**

Vice President - Bank Loan &amp; Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

**Mr. Ankur Sachdeva**

Vice President - Bank Loan &amp; Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

*Other Office:*

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

**JAIPUR****Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

**BENGALURU****Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

**CHANDIGARH****Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

**PUNE****Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

**HYDERABAD****Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-69000500

E-mail: saikat.roy@careratings.com

**CIN - L67190MH1993PLC071691**