SEPTEMBER 08, 2015

CARE REAFFIRMS THE RATING ASSIGNED TO THE SHORT-TERM BANK FACILITIES OF LAURUS LABS PVT. LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Short term Bank Facilities	36.20	CARE A1 (A One)	Reaffirmed
Total Facilities	**36.20 (Rupees Thirty Six crore and Twenty lakh only)**		

Rating Rationale

The ratings assigned to the bank facilities 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 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
Cell: + 91 88018 80184
Email: vidhya.sagar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & 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

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

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

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

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@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

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

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

CIN - L67190MH1993PLC071691