

Vivimed Labs Limited

March 20, 2020

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|----------------------------|---|--|---|
| Long term Bank Facilities | 266.93 | CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*) | Issuer not cooperating; Based on best available information |
| Short term Bank Facilities | 109.50 | CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*) | Issuer not cooperating; Based on best available information |
| Total Facilities | 376.43 (Rs. Three hundred and seventy six crore and forty three lakh only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Vivimed Labs Limited to monitor the ratings vide e-mail communications dated March 02, 2020, March 04, 2020, March 06, 2020, March 11, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The rating on Vivimed Labs Ltd.'s bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

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

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](#)

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology-Pharmaceutical Sector](#)

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.

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

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) |
|------------------------------|----------|----------|
| Total operating income | 1199.85 | 1326.22 |
| PBILDT | 217.00 | 182.04 |
| PAT | 76.09 | 57.37 |
| Overall gearing (times) | 0.91 | 1.58 |
| Interest coverage (times) | 2.57 | 2.52 |

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

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* Issuer not cooperating; Based on best available information |
| Non-fund-based - ST-Letter of credit | - | - | - | 46.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - LT-Term Loan | - | - | July 2021 | 82.43 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - ST-EPC/PSC | - | - | - | 32.50 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - ST-Bills discounting/ Bills purchasing | - | - | - | 30.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Non-fund-based - ST-Bank Guarantees | - | - | - | 1.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - LT-External Commercial Borrowings | - | - | March 2019 | 32.50 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |

*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 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Fund-based - LT-Cash Credit | LT | 152.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE BB; Stable (24-Jul-18) 3)CARE BB; Stable | 1)CARE BBB+; Stable (05-Jan-18) 2)CARE BBB-; Stable | - |

| | | | | | | | | |
|----|---|----|-------|--|----------------------|--|--|---|
| | | | | | | (11-Jul-18) | (10-Apr-17) | |
| 2. | Non-fund-based - ST-Letter of credit | ST | 46.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) | 1)CARE A3+ (05-Jan-18) 2)CARE A3 (10-Apr-17) | - |
| 3. | Fund-based - LT-Term Loan | LT | 82.43 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)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) | 1)CARE BBB+; Stable (05-Jan-18) 2)CARE BBB- (10-Apr-17) | - |
| 4. | Fund-based - ST-EPC/PSC | ST | 32.50 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) | 1)CARE A3+ (05-Jan-18) 2)CARE A3 (10-Apr-17) | - |
| 5. | Fund-based - ST-Bills discounting/ Bills purchasing | ST | 30.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) | 1)CARE A3+ (05-Jan-18) 2)CARE A3 (10-Apr-17) | - |
| 6. | Fund-based - ST-Standby Line of Credit | ST | 5.00 | CARE A4 | - | 1)Withdrawn (24-Jul-18) 2)CARE A4 (11-Jul-18) | 1)CARE A3+ (05-Jan-18) 2)CARE A3 (10-Apr-17) | - |
| 7. | Non-fund-based - ST-Bank Guarantees | ST | 1.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)CARE D (01-Apr-19) | 1)CARE D (17-Oct-18) 2)CARE A4 (24-Jul-18) 3)CARE A4 (11-Jul-18) | 1)CARE A3+ (05-Jan-18) 2)CARE A3 (10-Apr-17) | - |
| 8. | Fund-based - LT-External Commercial Borrowings | LT | 32.50 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | 1)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) | 1)CARE BBB+; Stable (05-Jan-18) | - |

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: 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.

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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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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