

July 20, 2010

CARE ASSIGNS 'CARE A-' AND 'PR2+' TO THE BANK FACILITIES OF HETERO DRUGS LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	465.00	'CARE A-' (Single A Minus)	Assigned
Short-term Bank Facilities	214.25	'PR2+' (PR Two Plus)	Assigned
Total Facilities	679.25		

Rating Rationale

The ratings take into account experience of promoter in the pharmaceutical industry, track record of the company, consistent growth of the business over the years, secured regulatory filings and regulatory approvals from various countries, good product portfolio in API and formulations, strong presence in antiretroviral therapeutic segment and comfortable financials. The ratings are however; constrained by the risk associated with fluctuating raw material prices, impact of foreign exchange risk and highly fragmented industry with many unorganised players. The ability of the company to maintain the profit margins and continuously add new API and formulation products to its portfolio are the key rating sensitivities.

Company Profile

HDL, incorporated in 1993 is a pharmaceutical company engaged in manufacturing of Active Pharmaceutical ingredients (API's) and Formulations. The company is a part of Hetero Group of companies.

The company has reported net sales of Rs. 1082 Crore with a PAT of Rs. 83 Crore for the year ended March 31, 2009.

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CARE 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.

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.

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

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