

June 4, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR 3' RATING TO BANK FACILITIES OF CIREX PHARMACEUTICALS LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. Crore)	Ratings ¹	Remarks
Long-term Bank Facilities	24	'CARE BBB-' (Triple B minus)	Assigned
Short-term Bank Facilities	18	'PR 3' (PR Three)	Assigned
Total Facilities	42		

Rating rationale

The ratings factor in CPL's track record of successful operations for 20 years, experienced promoters and management team, company being part of Hetero group, economies of scale due to centralized procurement of raw material at group level, lower revenue risk and growth prospects for pharmaceutical industry. The ratings are however constrained by the small size of operations, higher dependence on the group companies, exposure to forex risk on account of imported raw materials and limited number of API products. The ability of the company to expand customer base beyond group companies without impact on financial risk profile and continuing support from the group companies are the key sensitivities.

Company Profile

Cirex Pharmaceuticals Ltd (CPL), part of the Hetero Group of companies, is engaged in the business of manufacturing of Active Pharmaceutical Ingredients (APIs) and its intermediates. The Hetero Group took over CPL in 1999. Mr. B. Partha Saradhi Reddy is the Chairman and Managing Director of the company.

CPL's income from the operations increased by 14% to Rs.75 crore during FY09 while the company earned a PAT of Rs.5 cr, up 24% over FY08.

Analyst Contact

Name: Sajan Goyal

Tel # 040-40102030

Mobile # 9849174030

Email: sajan.goyal@careratings.com

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.

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

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>