



March 11, 2010

ICRA upgrades the ratings of bank facilities of Vetnex Animal Health Limited to LAA/A1+; assigns Stable outlook

ICRA has upgraded the rating assigned to Rs. 580 million unallocated bank facilities of Vetnex Animal Health Limited (VAHL) from LA- (pronounced L A minus) to LAA (pronounced L double A) and the rating assigned to Rs. 580 million^{††} unallocated bank facilities and Rs. 20 million non fund based bank facilities of VAHL from A1 (pronounced A one) to A1+ (pronounced A one plus)[†]. The above ratings, which were under Rating Watch with Developing Implications, have now been removed from the Rating Watch. ICRA has also assigned "Stable" outlook to the long term rating.

The assigned ratings factor in the strong parentage of VAHL subsequent to the change in ownership from ICICI Ventures to Pfizer group^{††}. VAHL would be under management control of Pfizer team in India.

The acquisition would give both VAHL and Pfizer Group an access to complementary set of products. Further, VAHL is expected to benefit through cross promotion of products; broader access to R&D services and increased geographical reach

The erstwhile Vetnex division of RFCL Limited (RFCL) has a diversified product mix, strong market position, strong manufacturing and R&D infrastructure and has achieved healthy growth over last several years. However, the company's profitability remains vulnerable to severe price fluctuations given its presence in the genericised poultry segment.

Recent Results

VAHL reported net sales of Rs 587.6 million in H1 2009-10, 2.1% lower than that reported in the corresponding previous period. The company reported an operating profit of Rs. 53.4 million in H1 2009-10, 18% lower than that reported in the corresponding previous period.

About the Company

The animal health care division of RFCL was spun off into a new company - VAHL effect from April 1, 2008. Alved Pharma and Foods Private limited (APFPL), a private limited company acquired by RFCL in 2008, was merged with VAHL. Subsequently, VAHL was acquired by Pfizer Group in December 2009.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

^{††}Unallocated Facilities amounting to Rs. 580 million have been rated on both long term and short term scales. The total utilization of these facilities should not exceed Rs. 580 million.

[†] For complete rating scale and definitions, please refer to ICRA's Website www.icra.in or other ICRA Rating Publications.

^{††} The ultimate parent company Pfizer Incorporated is rated at A1/P1 by Moody's Investors Services

PRESS RELEASE

Page 13

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