

VRL/SEC/NSE

16.09.2014

National Stock Exchange of India Ltd.
5th Floor, Exchange Plaza
Bandra (E),
Mumbai- 400 051

Dear Sir,

This has reference to the downgrading of external bank loan rating by CRISIL. In this regard we would like to inform that, the company had availed a major part of the term loans for its ongoing research and development activities. The company has been consequently awarded with European and other regulated geographies "GMP" certifications for its manufacturing plants. These unstinted efforts have resulted in the company having more than 100 patents globally, besides a steady pipeline of products by Venus Medicine Research Centre. The commercial outcome of these initiatives is that the company has been able to make prestigious International Tie ups for its research products with some of the best pharmaceutical companies of the world. Negotiations are also continuing for out licensing at advanced stages for some block buster products. The gestation period for the research and its commercialization is long as compared to the period for normal business activities.

The future outlook and business outcome of the organization is extremely robust and hence, the Company is very confident of en-cashing its research molecules which will soon be reflected in revenue and profits of the company. The regulatory approval process of these research products is a lengthy process and has been delayed a bit. However, as a prudent and timely financial engineering initiative, the company has decided in principle not to avail further finance from banks for research since the gestation period of is longer than the tenure of loans. Consequently, to continue with its research activities, the company has approached bank inter alia for postponement of the repayment of principle for a period of two years without any sacrifice. The company is in active negotiations with banks and expects this rephasing to be sanctioned within the next 30 days. Company has not sought any relief or sacrifice from lenders. This rephasing will enable the company to use the accruals for continual financing of research and marketing activities. The company is confident that these steps will strengthen the company to meet the changing dynamics of the markets.

Yours faithfully,
for VENUS REMEDIES LIMITED.


Neha Kodan

(Company Secretary)

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