

## Bharat Immunologicals & Biologicals Corporation Limited

July 26, 2018

### Summary of rated instruments

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based	60.00	60.00	[ICRA]BB-(Negative) ISSUER NOT COOPERATING*; Revised from [ICRA]BB+ (Negative) and continues to be in 'Issuer Not Cooperating' category
Short-term non-fund based	65.00	65.00	[ICRA]A4 ISSUER NOT COOPERATING*; Revised from [ICRA]A4+ and continues to be in 'Issuer Not Cooperating' category
<b>Total</b>	<b>125.00</b>	<b>125.00</b>	

<sup>\*</sup>Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rating action

ICRA has downgraded the ratings for the Rs. 125.00-crore bank facilities of Bharat Immunologicals & Biologicals Corporation Limited (BIBCOL) to [ICRA]BB-(Negative)/ [ICRA]A4 (pronounced ICRA double B minus/ ICRA A four) ISSUER NOT COOPERATING from [ICRA]BB+(Negative)/[ICRA]A4+ (pronounced ICRA double B plus/ ICRA A four plus) ISSUER NOT COOPERATING. The rating continues to remain in the 'Issuer Not Cooperating' category.

ICRA has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis limited information on the issuers' performance. Accordingly the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

### Rationale

The rating downgrade follows the steep decline in the company's scale of operations as reflected in the Q1 FY2019 quarterly results. The company's revenues contracted sharply to Rs. 34.8 crore in FY2018 from Rs. 124.2 crore in FY2017 because of a decline in the procurement of bivalent oral polio vaccine (b-OPV) production levels by the Government. The revenues further declined in Q1 FY2019 to Rs. 9 lacs from Rs. 3.3 crore in Q1 FY2018 with no sale of b-OPV. The sharp decline in sales have put significant pressure on the company's cash flows and credit indicators as reflected by losses at operating level in FY2018 and Q1 FY2019. As a result, the credit indicators declined significantly from FY2018 onwards. However, the company's liquidity position is believed to be supported by Rs. 20 crore of cash and equivalents on its balance sheet and no long-term debt (as on Mar 31, 2018).

### Analytical approach

For arriving at the ratings, ICRA has applied its rating methodologies/policies as indicated below:

## Links to applicable criteria:

[Corporate Credit Ratings: A Note on Methodology](#)

[Policy in respect of non-cooperation by the rated entity](#)

[Rating Methodology for Pharmaceutical Industry](#)

## About the company:

Bharat Immunologicals & Biologicals Corporation Limited (BIBCOL) is a Central Public-Sector Unit, under the Department of Biotechnology (DBT), Ministry of Science & Technology. The company was established in 1989, with the aim to achieve self-sufficiency in the production and supply of high quality polio vaccines in India. The company currently manufactures and produces pharmaceutical products such as Oral Polio Vaccines (OPV Vaccine), Zinc tablets and Diarrhea Management Kits with over 99% revenues being generated from the OPV vaccine. BIBCOL derives orders for OPV through tenders floated by the Central government for the National Immunization and Pulse Polio Program and faces competition from private players like Panacea Biotec, Bio-Med Private Limited, Haffkine Bio-Pharmaceutical Corporation Ltd. and Bharat Biotech among others. BIBCOL is a listed company on the Bombay stock exchange with the Government of India owning 59.25% stake (as on Jun 30, 2018).

## Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	124.2	34.8
PAT (Rs. crore)	6.4	-4.3
OPBDIT/OI (%)	9.9%	-23.6%
RoCE (%)	30.1%	-18.3%
Total Debt/TNW (times)	0.0	0.0
Total Debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	3.3	-11.3

## Status of non-cooperation with previous CRA

Not applicable

## Any other information

Not applicable

### Rating history for last three years

Current Rating (FY2018)					Chronology of Rating History for the past 3 years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016	
				July 2018	Aug 2017	May 2016	Mar 2015	
1	Fund-based	60.00	NA	[ICRA]BB-(Negative) ISSUER NOT COOPERATING	[ICRA]BB+(Negative) ISSUER NOT COOPERATING	[ICRA]BB+ (Stable)	[ICRA]BBB- (Stable)	
2	Non-fund based	65.00	NA	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A4+ (Stable)	[ICRA]A3 (Stable)	

### Complexity level of the rated instrument:

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](http://www.icra.in)

## Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit 1	-	-	-	40.00	[ICRA]BB- (Negative) ISSUER NOT COOPERATING
NA	Cash Credit 2	-	-	-	20.00	[ICRA]BB- (Negative) ISSUER NOT COOPERATING
NA	Letter of Credit	-	-	-	65.00	[ICRA]A4 ISSUER NOT COOPERATING

Source: BIBCOL

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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