October 07, 2021

Bharat Immunologicals & Biologicals Corporation Limited: Ratings reaffirmed at [ICRA]B+ (Stable)/A4; removed from 'Issuer Non Cooperating' category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based	40.00	75.00	[ICRA]B+ (Stable); reaffirmed and removed from 'Issuer Not Cooperating' category
Short-term Non-Fund-based	50.00	50.00	[ICRA]A4; reaffirmed and removed from 'Issuer Not Cooperating' category
Unallocated	35.00	0.00	
Total	**125.00**	**125.00**	

**Instrument details are provided in Annexure-1*

Rationale

The rating reaffirmation of Bharat Immunologicals & Biologicals Corporation Limited (BIBCOL) takes into account the continued decline in oral polio vaccine (OPV) volumes in FY2021 and slow ramp-up in other product segments. The company's financial profile remains weak marked by operating losses and inadequate debt coverage metrics.

The ratings, however, continue to take comfort from the ~59.25% stake held by the Government of India (GoI). The ratings also take into account the funding support received by the company from the GoI on a regular basis in the form of annual grants.

The Stable outlook on the ratings reflects ICRA's opinion that BIBCOL will continue to receive tenders under the GoI's immunisation policies.

Key rating drivers and their description

Credit strengths

Majority of ownership with GoI – The Government of India owns a majority 59.25% stake in BIBCOL.. Also, the company has a track record of more than 23 years of operations in manufacturing OPV for the GoI under the National Immunisation Programme.

Credit challenges

High revenue concentration in OPV segment; operating at EBITDA losses – The OPV segment accounted for ~99.9% of the revenues in FY2021. Also, increasing competition and the tender-based nature of procurement of new orders have resulted in operating losses over the last four fiscals. In FY2021, the company posted EBITDA loss of Rs. 22.06 crore against a loss of Rs. 10.41 crore in FY2020.

Weak debt protection metrics – Operating losses, over the past few years, have eroded BIBCOL's net worth to Rs. 7.39 crore in FY2021. This has, in turn, led to a deterioration in the coverage metrics with negative interest cover 4.63 times and negative DSCR of 2.55 times in FY2021. The company's cash flows are supported by bank limits and Government grants.

Profitability exposed to forex fluctuations – BIBCOL continues to be exposed to adverse forex variations as 100% of the bulk vaccine is imported.

Liquidity position: Stretched

BIBCOL's liquidity is **stretched** on account of operating level losses of Rs. 22.01 crore in FY2021, low net worth position and high utilisation of sanctioned working capital limits. However, the absence of any long-term debt repayments and reinstatement of additional working capital facilities of Rs. 35.00 crore support the liquidity profile of the company.

Rating sensitivities

Positive factors – ICRA could upgrade BIBCOL's ratings if the company witnesses a significant growth in revenues with better profit margins, improving the overall credit metrics. Specific credit metrics that could lead to an upgrade include interest coverage of more than 2.0 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if there is any significant decrease in revenues or an increase in operating losses, weakening the credit metrics.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the entity.

About the company

Bharat Immunologicals & Biologicals Corporation Limited (BIBCOL) is a central public-sector unit under the Department of Biotechnology (DBT), Ministry of Science and Technology. The company was established in 1989 to supply high-quality polio vaccines under the National Immunisation Programme of the GoI. It started commercial production from 1996. The facility was upgraded in 2006 to meet the WHO-GMP and revised schedule-M of Drugs and Cosmetics Act. In 2016, BIBCOL switched over to bivalent oral polio vaccine (bOPV) from trivalent oral polio vaccine (tOPV) and secured WHO-GMP certification for bOPV. In addition to bOPV in the vaccine segment, BIBCOL has been manufacturing and marketing dispersible zinc tablets and diarrhoea treatment kits in the pharmaceutical segment. It has now entered into ready-to-use therapeutic food (RUTF) and low-calorie sweetener tablets in the food segment.

BIBCOL is listed on the Bombay Stock Exchange and the GoI owns a 59.25% stake in it. In Q1 FY2022, the company has reported a revenue of Rs.14.2 crore with a net loss of Rs. 1.80 crore.

Key financial indicators

ICTPL Standalone	FY2020	FY2021
Operating Income (Rs. crore)	66.84	85.33
PAT (Rs. crore)	-10.21	-13.08
OPBDIT/OI (%)	-15.57	-25.85
PAT/OI (%)	-15.3	-15.3
Total Outside Liabilities/Tangible Net Worth (times)	4.73	9.61
Total Debt/OPBDIT (times)	-0.29	-1.24
Interest Coverage (times)	-2.20	-4.62

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2021 (Rs. crore)	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2020	Date & Rating in FY2019
					Oct 7, 2021	Apr 29, 2021	Oct 23, 2019	Jul 26, 2018
1.	Fund based	Long-term	75.00	-	[ICRA]B+ (Stable)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
2.	Non-fund based	Short-term	50.00	-	[ICRA]A4	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4	[ICRA]A4 ISSUER NOT COOPERATING
3.	Unallocated	Long-term / Short-Term	0.00	-	-	[ICRA]B+ (Stable) / [ICRA]A4 ISSUER NOT COOPERATING	[ICRA]B+ (Stable) / [ICRA]A4	[ICRA]B+ (Stable) / [ICRA]A4 ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund based	Simple
Short-term – Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: Click Here

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based	NA	NA	NA	75.00	[ICRA]B+ (Stable)
NA	Non-fund based	NA	NA	NA	50.00	[ICRA]A4

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

- Note Applicable

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Kinjal Shah
+91 022 61143400
kinjal.shah@icraindia.com

Sheetal Sharad
91-124-4545 374
sheetal.sharad@icraindia.com

Anshul Kumar Shah
+91-124-4545 372
anshul.shah@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches