April 03, 2025

Vins Bioproducts Limited: Long-term rating reaffirmed; short-term rating assigned

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term-Fund-based – Others	-	10.00	[ICRA]A-(Stable); reaffirmed
Short-term – Non-fund based – Others	-	7.50	[ICRA]A2+; assigned
Long-term – Fund-based – Cash Credit	10.00	-	-
Long-term – Non-fund based – Others	7.50	-	-
Total	**17.50**	**17.50**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings action factors in ICRA's expectation that Vins Bioproducts Limited (VBL) will maintain its credit profile with healthy growth in revenues and earnings on the back of healthy order inflow, especially from the domestic market, and strong increase in realisations of its key product, anti-snake venom serum (ASVS). The company's revenue witnessed a healthy growth of 53% in FY2024 and 11% in 9M FY2025 on the back of a significant increase in realisations of its key product and healthy order inflow. The company is planning to raise its capacity in FY2026 at an estimated cost of Rs. 28-32 crore. Enhanced capacity, along with healthy demand, is expected to support revenue growth in the medium term. The ratings also consider the strong market position of VBL's key products—ASVS and anti-rabies serum (ARS)—and its reputed customer base of various Indian state government entities and government departments of various countries in Asia and Africa. The company has a healthy market share in these products and an established presence in Asia and Africa. Moreover, complex manufacturing process and strict regulations in the industry act as entry barriers, leading to limited competition. The ratings also consider the company's strong financial profile, characterised by healthy profitability, low debt levels and comfortable coverage indicators.

The ratings, however, are constrained by VBL's modest scale of operations, as indicated by revenues of ~Rs. 150.0 crore in FY2024, despite strong growth. The ratings also consider VBL's high product concentration risk as its ASVS, ARS and anti-tetanus (ATT) serum accounted for over 70% of the revenues in FY2024. However, ICRA notes that the company has a niche product profile and a strong market share in these products, mitigating the risk to an extent. The ratings are also constrained by high working capital intensity of operations with elongated receivable period and high inventory holding as most of its clients are Government departments. The company's receivables increased over the past 12 months owing to delays in payments from domestic clients, which, along with higher inventory holding, led to an increase in the working capital intensity to ~71% in 9M FY2025 from ~47% in FY2023, impacting its cash flows. The ratings consider challenges in scaling up production owing to the highly regulated manufacturing process and risks associated with tender-based orders. The company's margins are exposed to exchange rate fluctuation risks, given its significant share of export revenues.

The Stable outlook on the long-term rating reflects ICRA's opinion that VBL's credit profile will improve with expected improvement in its scale of operations on the back of improved demand and enhanced capacity. The company will continue to benefit from its healthy market share and maintain its strong financial profile.

Key rating drivers and their description

Credit strengths

Strong market position in key products – The company is one of the largest manufacturers of sera products in India and enjoys a strong market share in its key products, ASVS and ARS. It faces limited competition on account of the complex manufacturing process and strict regulations in the industry, which act as entry barriers, leading to limited competition.

Established presence in the industry with a reputed customer base – VBL has an established presence in Asia and Africa, which are the major markets for ASVS and ARS. It has a reputed customer base, which includes various Indian state government departments as well as Government departments of various countries in Asia and Africa. VBL has also been receiving repeat orders from its customers.

Strong financial profile – The company's margins improved significantly to 53.3% in FY2024 from 28% in FY2023 on the back of price revision for its key products in the domestic market. Its margins are expected to remain healthy at 45-50% in the near term with increased scale and elevated realisations. Healthy earnings resulted in robust accruals for the company over the years. Moreover, its debt levels remained low, leading to strong coverage indicators. The company has incurred a capex of ~Rs. 66.0 crore in 9M FY2025, out of which Rs. 53.0 crore was to purchase the land from the Vazir Sultan Tobacco Industries (VST) and Rs. 13.0 crore towards purchase of new equipment. The company is expected to incur a capex of ~Rs. 90.0 crore for the full year FY2025 and Rs. 30.0 crore per annum in FY2026 and FY2027, which would be funded through internal accruals. In the absence of any major debt-funded capex plan, the company's debt protection metrics are expected to remain healthy, going forward as well.

Credit challenges

Modest scale of operations – VBL has a modest scale of operations, as indicated by revenues of Rs. 150.2 crore in FY2024, impacting its financial flexibility. ICRA notes that the company has clocked a healthy revenue growth of 53% in FY2024 and is expected to record a revenue increase of 28-32% in FY2025 on the back of a sharp increase in ASVS realisations and increased order inflow from African and domestic clients. Despite the same, its scale is expected to remain modest in the near term. The company is expanding its equine and manufacturing capacity in FY2026. Successful ramp-up of the new capacity and healthy order inflow remain critical for improvement in scale, going forward.

High working capital intensity – VBL's business is working capital intensive, given the elongated receivables cycle and high inventory holding. Credit period offered to customers stand at 60-120 days and payments from a few government clients could be delayed. Moreover, the company maintains a high inventory of packing materials and other raw material requirements. Its working capital intensity increased to 71.4% in 9M FY2025 from 47.5% in FY2023. The stretch in the receivables was due to delays in payments from domestic clients and higher holding period of 181 days as on December 31, 2024. Increased working capital intensity is likely to constrain the company's cash flows in FY2025 and the company's ability to improve the same remains a key monitorable.

High product concentration – The company faces high product concentration as its top three products — ASVS, ARS and ATT — have accounted for more than 70% of its revenues over the past four years. VBL sources most of its orders through tenders. However, ICRA notes that the risks of high product concentration and tender-based orders are mitigated to an extent by repeat orders from its established customer base, limited competition, and its healthy market share in these products.

Revenues, earnings and production exposed to regulatory risks and fluctuations in forex rates – The manufacturing process of sera products is highly regulated owing to the involvement of animals, which limits scaling up of production. The company has derived 45-50% of its revenues from exports over the last three years, exposing its margins to foreign exchange rate fluctuations.

Liquidity position: Adequate

The company's liquidity is adequate with Rs. 9.0-10.0 crore buffer in working capital limits along with free cash and cash equivalents of ~Rs. 41.0 crore, as on December 31, 2024, against nil repayment obligations. The company's working capital increased sharply, which is expected to impact its retained cash flows in FY2025. However, an expected improvement in the same in the near term is likely to improve its cash flows in the near term. VBL is expected to incur capex of Rs. 25.0-35.0 crore in the next 12 months towards enhancing its installed capacity, which would be funded through internal accruals.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company is able to improve its scale of operations significantly with diversification in revenue profile, while maintaining its healthy margins, strong financial profile and liquidity position while improving its working capital intensity.

Negative factors – Pressure on the ratings could arise if a sizeable decline in revenues adversely impacts its profitability or if a stretched receivables cycle impacts its liquidity position. A significant capex, not backed by a successful ramp-up of the expanded facility, affecting its financial profile, could also impact the ratings. Specific credit metrics that could lead to ratings downgrade include total debt/OPBIDTA of more than 2.3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of VBL.

About the company

Vins Bioproducts Limited, incorporated in 1997, is promoted by Mr. SN Daga, who has vast experience in the pharmaceuticals industry. The company's manufacturing facility at Thimmapur, Telangana, is the largest manufacturer of sera products in India with an installed production capacity of 2.3 million vials per annum. VBL has ~2,000 equines and its major products include anti-snake venom serum, anti-rabies serum, anti-diptheria serum, scorpion bite medicines, and tetanus medicines, etc.

Key financial indicators (audited)

	FY2023	FY2024	9M FY2025*
Operating income	98.1	150.2	124.6
PAT	21.7	60.7	47.8
OPBDIT/OI	28.0%	53.3%	49.8%
PAT/OI	22.1%	40.4%	38.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.1	0.1
Total debt/OPBDIT (times)	0.1	0.0	0.0
Interest coverage (times)	39.5	83.2	119.5

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
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 (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 03, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
CC/PCFC	Long term	10.00	**[ICRA]A- (Stable)**	-	-	Jan-16-2024	[ICRA]A- (Stable)	Dec-30-2022	[ICRA]BBB+ (Positive)
Non-fund based - Others	Short-term	7.50	**[ICRA]A2+**	-	-	-	-	-	-
Non-Fund Based	Long term	-	**-**	-	-	Jan-16-2024	[ICRA]A- (Stable)	Dec-30-2022	[ICRA]BBB+ (Positive)
Unallocated	Long term	-	**-**	-	-	Jan-16-2024	-	Dec-30-2022	[ICRA]BBB+ (Positive)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term-Fund-based – Others	Simple
Short-term – Non-fund based – Others	Very 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 are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**CC/PCFC**	NA	NA	NA	10.00	[ICRA]A-(Stable)
NA	**Bank guarantee**	NA	NA	NA	7.50	[ICRA]A2+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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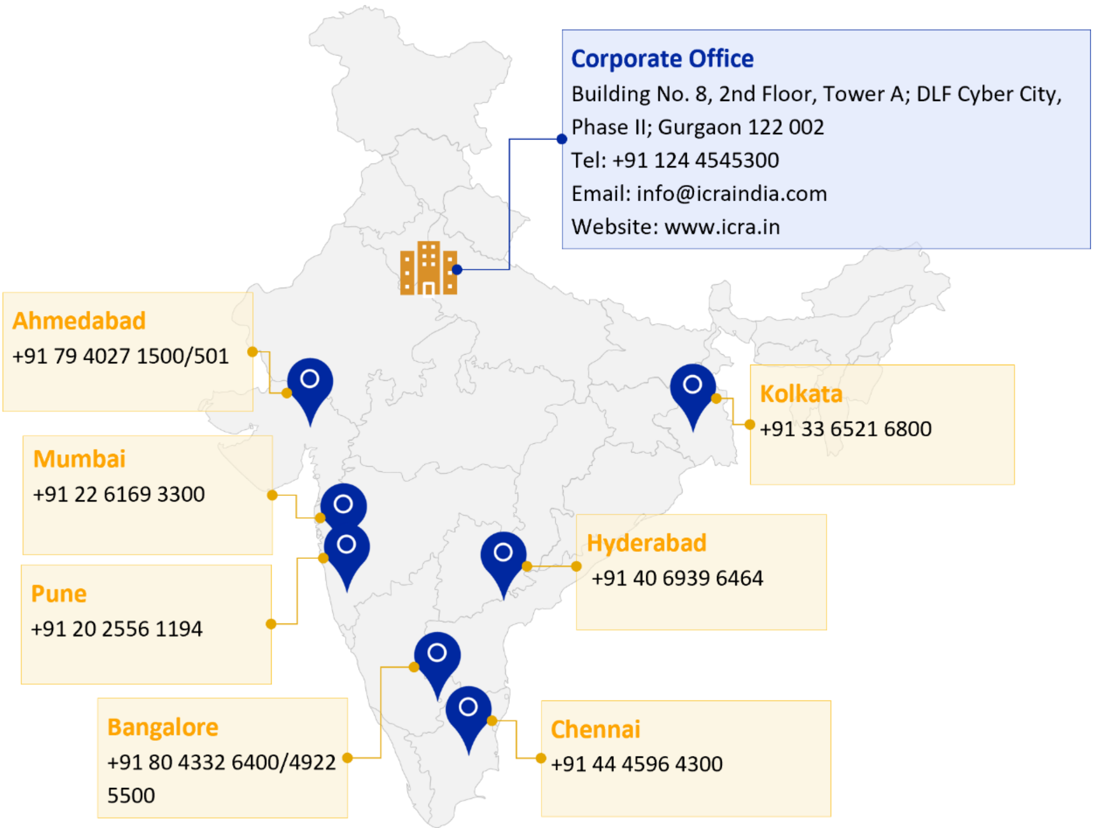

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