

May 07, 2025

B E Immuno Sciences Private Limited: [ICRA]A- (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – term loan	185.00	[ICRA]A- (Stable); assigned
Total	185.00	

*Instrument details are provided in Annexure I

Rationale

The rating for B E Immuno Sciences Private Limited (BEIS) considers the strong financial support that it gets from its promoter group company, Biological E. Limited (BEL; rated [ICRA]AA (Stable)/[ICRA]A1+), as reflected by the shortfall undertaking provided by it to the lender for the construction loan availed by BEIS as well as the unsecured loans of Rs. 11.7 crore funded by BEL to BEIS as on February 28, 2025. The rating also factors in the long tenure and lock-in period of 10.1 years (covering the entire tenure of the loan) with a strong counterparty in BEL as the primary lessee for the project. Besides, BEIS is required to maintain an escrow account, which would be used for the monthly rent payments by BEL. The escrow arrangement includes a waterfall mechanism that ensures that the rent is used for meeting the repayment obligations of BEIS prior to any withdrawal for other purposes. The rating also draws comfort from the attractive location of the project at Genome Valley near Hyderabad (Telangana), which is an established biotech and pharma research and development (R&D) hub, resulting in healthy occupancy level.

However, the rating is constrained by BEIS' exposure to execution risks, given that the project is in the early stages of construction. While the debt to fund the project has already been sanctioned, timely infusion of unsecured loans from BEL remains key for BEIS to meet its obligations, including towards construction of the project. ICRA also notes the high lessee concentration, with ~68% of the total leasable area of 5,23,222 sq. ft. being leased to BEL (with the remaining area yet to be leased out). However, the long lock-in period mitigates the risk to an extent. The rating also notes the vulnerability of debt coverage ratios to factors such as changes in interest rates and material decline in occupancy levels.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will maintain its credit profile, given the long tenure of the lease agreement with a strong counterparty.

Key rating drivers and their description

Credit strengths

Strong credit profile of the lessee coupled with committed financial support – BEL is currently operating its R&D laboratories from a leased premises in Genome Valley but plans to expand the same by taking on lease 3,54,443 sq. ft. of area in the project being developed by BEIS. BEL has a strong credit profile as a leading player in the vaccine industry, ranking among the top five vaccine manufacturers globally in term of volumes¹. It has a strong history of supplying vaccines to organisations like UNICEF², PAHO² and GOI² and is also pre-qualified for supplying ten vaccines to WHO³, including LPV⁴, MR⁴, nOPV2⁴ and TCV⁴. ICRA also factors in the willingness of BEL to provide timely financial support, if required, which provides comfort and lends high financial

¹ Global vaccine market report, December 2024, WHO

² UNICEF: United Nations Children's Fund, PAHO: Pan American Health Organisation and GOI: Government of India

³ World Health Organisation

⁴ LPV: Liquid Pentavalent Vaccine; MR: Measles and Rubella; nOPV2: Novel oral poliomyelitis (polio) vaccine type 2; TCV: Typhoid Conjugate Vaccine

flexibility. The companies have strong management and financial linkages, and BEL has also provided a shortfall undertaking for the debt availed by BEIS for construction of the project.

Attractive property location supports future leasing activity – Genome Valley is India’s first and the largest organised cluster for life sciences R&D and clean manufacturing activities, with world-class infrastructure facilities in the form of industrial knowledge parks, special economic zones, multi-tenanted dry and wet laboratories and incubation facilities. This is expected to support BEIS in its future leasing activity.

Long tenure and lock-in period – BEL entered into a lease agreement with BEIS for 10.1 years with a lock-in period of 10.1 years. Moreover, the lease payments from BEL are expected to be sufficient for BEIS to meet its repayment obligations for the term loan which is repayable in 8 years. This largely mitigates the market risk.

Credit challenges

Execution risks due to nascent stage of construction – The project is currently at an initial stage of construction and any delay from the planned DCCO⁵ of May 31, 2025, would defer the handover of the asset to BEL and could increase the project cost or delay the commencement of the lease payments. The company might also be exposed to increase in other input costs, which would impact the construction cost.

Exposure to revision in interest rates and reduction in occupancy levels – The rating notes the vulnerability of debt coverage ratios to factors such as changes in interest rates and a material decline in occupancy levels. However, the risks are partly mitigated by the requirement to maintain a debt service reserve account balance, equivalent to six months of principal and interest repayment obligations and the long tenure and lock-in period of the lease agreement with BEL.

High lessee concentration – BEIS is exposed to high tenant concentration, with BEL occupying 100% of the currently leased area (~68% of the total leasable area). This exposes the company to high market risks in case BEL vacates the project. Nonetheless, ICRA draws comfort from the long-term lease agreement with BEL coupled with the strong linkages between the two companies and the take or pay arrangement agreed between the two parties.

Liquidity position: Adequate

BEIS’ liquidity is adequate, considering the achievement of financial closure for the construction of the facility. While the company’s project is currently under construction, leading to no cash flow generation, the project is expected to be completed through construction finance and unsecured loans from its parent, BEL. Post project commissioning, the rental receipts of the company would be adequate to meet the repayment obligations of its lease rental discounting (LRD) facility over the medium term. However, the construction loan of Rs. 185.0 crore, availed by the company, has a bullet repayment in June 2026, which would be repaid using the sublimit of the construction loan (the LRD facility). Thus, any delay in the completion of the project will expose the company to refinancing risk.

Rating sensitivities

Positive factors – ICRA could upgrade BEIS’ rating in case of an increase in the occupancy rate, leading to a reduction in tenant concentration. Additionally, any material improvement in the credit profile of the support provider (Biological E. Limited) may also be a credit positive for BEIS.

Negative factors – Pressure on the rating might arise if any time or cost overrun impact the commissioning or the repayment ability of the company. Any material decline in the occupancy level or a significant increase in debt, weakening the debt protection metrics and liquidity position on a consistent basis may also result in a rating downgrade. Any weakening in the support provider’s credit profile or its linkages with BEIS may also result in a rating downgrade.

⁵ Date of commencement of commercial operations

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone financials of BEIS have been considered for arriving at the rating.

About the company

BEIS was incorporated on May 24, 1999, and owns a land parcel of 47.31 acres at Genome Valley. It is in the process of setting up leasable facilities on the said land parcel for R&D units and a pilot plant for pharmaceutical/ vaccine manufacturing companies. Post construction, the project will be leased to BEL and other companies. In the first phase, BEL is developing an area of 16.04 acres out of 47.31 acres. The estimated cost of the project is ~Rs. 246.78 crore and it is proposed to be funded by equity/unsecured loans of Rs. 61.78 crore and a term loan of Rs. 185 crore.

Key financial indicators (audited): Not applicable as it is a project stage company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 07, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	185.00	[ICRA]A- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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	Term loan	June 2024	8.9%	June 2026*	185.00	[ICRA]A- (Stable)

Source: Company; *the construction loan of Rs. 185.0 crore, availed by the company, has a bullet repayment in June 2026, which shall be repaid using the sublimit of the construction loan (the LRD facility) having a tenure of eight years

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

ANALYST CONTACTS

Jitin Makkar

+91 98733 39826

jitinm@icraindia.com

Kinjal Shah

+91 022 61143400

kinjal.shah@icraindia.com

Deepak Jotwani

+91 4545 870124

deepak.jotwani@icraindia.com

Gaurav Kushwaha

+91 22 61143465

gaurav.kushwaha@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@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

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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



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