

April 09, 2025

Biological E. Limited: Long-term rating upgraded to [ICRA]AA(Stable) and short-term rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term term loans	\$26.75 million	\$18.10 million	[ICRA]AA(Stable); upgraded from [ICRA]AA-(Stable)
Long-term term loans	283.00	150.00	[ICRA]AA(Stable); upgraded from [ICRA]AA-(Stable)
Long-term – fund-based facilities	1,050.00	1,300.00	[ICRA]AA(Stable); upgraded from [ICRA]AA-(Stable)
Short-term – non-fund based facilities	130.00	130.00	[ICRA]A1+; reaffirmed
Long-term/ Short-term – fund-based/ non-fund-based facilities	955.00	755.00	[ICRA]AA(Stable); upgraded from [ICRA]AA-(Stable) and [ICRA]A1+ reaffirmed
Unallocated limits	\$10.00 million Rs. 70.02 crore	\$ 18.65 million Rs. 153.02 crore	[ICRA]AA(Stable); upgraded from [ICRA]AA-(Stable) and [ICRA]A1+ reaffirmed
Total	\$36.75 million Rs. 2,488.02 crore	\$36.75 million Rs. 2,488.02 crore	

*Instrument details are provided in Annexure I

Rationale

The upgrade of the long-term rating assigned to Biological E Limited (BEL) factors in ICRA's expectation that the company is likely to register a healthy revenue growth and higher accruals generation, while maintaining a comfortable capital structure over the near-to-medium term. This is expected to be aided by BEL's leading position as a key player in the global vaccines market, healthy order book position, receipt of WHO's¹ pre-qualification status/scale-up of the recently launched vaccines and incremental product launches. BEL reported a considerable improvement in its revenues and profitability over FY2024 and FY2025 while also reducing its product concentration, following the launch of new vaccines like PCV² and nOPV2³. BEL is estimated to report a strong growth in revenue to Rs. 4,700-4,800 crore in FY2025, increasing from Rs. 2,604.9 crore in FY2024, with the momentum expected to continue over the medium term. BEL's OPM⁴ has also improved considerably to 46.5% in 9M FY2025 from 30.9% in FY2024 on the back of a favourable product mix and economies of scales and ICRA expects BEL to sustain its margins at the similar level, going forward as well. Moreover, the resultant improvement in the company's cash flow generation has enabled BEL to prepay a large part of its debt. The net debt is estimated at Rs. 20-30 crore as on March 31, 2025, against Rs. 1,591.5 crore as on March 31, 2024, resulting in strengthening of its coverage and leverage indicators. ICRA expects BEL to maintain its comfortable capital structure, supported by healthy accretion to reserves and limited reliance on debt.

Additionally, the ratings continue to factor in BEL's strong development capabilities and an established track record of supplying vaccines to UNICEF⁵, PAHO⁶ and the Government of India (GOI). BEL is pre-qualified by WHO for manufacturing

¹ World Health Organisation

² Pneumococcal conjugate vaccine

³ Novel oral poliomyelitis (polio) vaccine type 2

⁴ Operating profit margin

⁵ United Nations Children's Fund

⁶ Pan American Health Organisation

vaccines like nOPV2, LPV, MR, and TCV⁷ and is among the five global pre-qualified suppliers of LPV and one of the pre-qualified suppliers for the MR vaccine.

However, the ratings also consider BEL's high working capital intensity (net working capital/ operating income [NWC/OI] of 118% in FY2024) due to elevated inventory levels on account of an inventory of around Rs. 1,800 crore of raw materials for Corbevax, wherein the avenues for sales, are limited in the near-to-medium term. BEL's revenue dependence on institutional segments (UNICEF, GOI) remains relatively high, wherein revenues are contingent upon tender wins, constraining pricing flexibility to some extent. However, the risk is mitigated to some extent, given BEL's strong market share for some of its key existing vaccines. Moreover, a significant contribution from exports exposes the company to forex risks. Being a manufacturer of pharmaceutical products, the company, like its peers, is also exposed to regulatory risks associated with the manufacturing of pharmaceutical products, including towards obtaining approvals from regulatory agencies.

The Stable outlook reflects ICRA's opinion that BEL will continue to benefit from its established business position in the global vaccines market, healthy order book and strong product pipeline. This is expected to support healthy scale-up of operations and accruals generation over the medium term, supporting the company's credit profile.

Key rating drivers and their description

Credit strengths

Established player in global vaccines segment with strong development capabilities – BEL is a leading player in the vaccine industry, ranking among the top five vaccine manufacturers globally in term of volumes⁸. It has a strong history of supplying vaccines to agencies like UNICEF, PAHO and GOI and is also pre-qualified for supplying ten vaccines to WHO, including LPV, MR, nOPV2 and TCV. Further, BEL ranks among the three global LPV suppliers who are fully backward integrated into all antigens. This has enabled BEL to ensure the quality of antigens and facilitated cost competitiveness on the back of large-scale manufacturing for LPV. This, coupled with its strong presence in the institutional segment, provides BEL with a significant competitive advantage in the global vaccine industry, creating entry barriers for new entrants.

Healthy order book, strong product pipeline and ramp-up of new products, leading to reduction in product concentration risk – The launch of PCV and nOPV2 over FY2024 and FY2025 has contributed to a reduction in the concentration of BEL's revenues towards LPV and MR, which used to contribute more than 60% to BEL's revenues in the past. The launches, coupled with higher focus on tenders for the existing products like LPV and MR (after the reduction in sales of Covid-vaccines) resulted in development of a strong order book of ~Rs. 6,300 crore as on March 2025 for BEL, which included orders from UNICEF, PAHO and GOI and would support the revenue generation of the company over the near- to-medium term. Moreover, BEL's strong pipeline of new products and expected approvals for the existing products (like WHO approval for PCV) would result in further diversification of BEL's revenues. BEL has strong developmental capabilities with a long pipeline including vaccines like IPV⁹, liquid hexavalent and PCV-24, among others. Successful and timely launch of these vaccines would remain a key for BEL's long-term growth. Launch of new pharmaceutical formulations and ramp-up of existing formulations would also remain a key for the revenue growth of BEL's SGI¹⁰ and DBF¹¹ segments.

Healthy financial profile, characterised by improving margins and adequate liquidity position – BEL reported a strong revenue growth and expansion in its operating margins in FY2025, supported by an improvement in its product mix and benefits of economies of scale. Its revenues grew to Rs. 3,274.1 crore in 9M FY2025 from Rs. 2,604.9 crore in FY2024 and its OPM also improved to 46.5% during the period from 30.9% in FY2024. Moreover, reduction in debt over the last few quarters

⁷ LPV: Liquid Pentavalent Vaccine; MR: Measles and Rubella; TCV: Typhoid Conjugate Vaccine

⁸ Global vaccine market report, December 2024, WHO

⁹ Inactivated poliomyelitis vaccine

¹⁰ Speciality generic injectables

¹¹ Domestic branded formulations

has also resulted in an improvement in BEL's credit profile with its total debt/OPBDITA and net debt/OPBDITA expected to improve to ~0.4 times and 0.1 times, respectively as on March 31, 2025 from 2.2 times and 2.0 times, respectively, as on March 31, 2024. BEL also has an adequate liquidity position, aided by cash and liquid investments of ~Rs. 600 crore and unutilised bank lines of around Rs. 1,500 crore as on March 21, 2025. Its liquidity is expected to continue to be supported by a steady cash flow generation.

Credit challenges

High inventory levels, leading to increase in working capital intensity and higher reliance on debt – Working capital intensity of the company continues to remain elevated on account of high inventory levels of ~Rs. 2,900 crore as on September 30, 2024, which includes sizeable Corbevax related inventory. While higher inventory levels have resulted in elevated working capital debt requirement, improvement in BEL's cash flow generation has mitigated the same to an extent with part prepayment of BEL's term debt in Q4 FY2025, leading to reduction in the overall debt levels. BEL is exploring various avenues to liquidate the Covid-related inventory, however, the actual sales of Corbevax and any further requirement of provision of this inventory would continue to remain a key monitorable.

High revenue dependence on institutional segment, leading to limited pricing flexibility – The institutional segment, which includes GOI and agencies like UNICEF and PAHO, continues to generate most of BEL's consolidated vaccine segment revenues. As these businesses are largely tender driven, it exposes the company to risks of revenue fluctuations on account of tender losses and restricts its pricing flexibility. However, the risk is partly mitigated by BEL's strong manufacturing capabilities and history of supplying vaccines to these agencies with a healthy market share in volume terms.

Exposure to foreign exchange and regulatory risks – Like its peers, BEL also remains exposed to regulatory risks associated with the manufacturers of pharmaceutical products, including those towards obtaining approvals like US FDA, WHO GMP and CDSCO¹².

Liquidity position: Adequate

The liquidity position of BEL is adequate, supported by expectations of a steady cash flow generation coupled with cash and liquid investments of ~Rs. 600 crore and unutilised bank lines of around Rs. 1,500 crore as on March 21, 2025. Its internal accruals and existing liquidity are expected to be largely sufficient to fund its annual capex requirement of up to Rs. 450-500 crore per annum in FY2026 and FY2027 and its repayments of ~Rs. 270 crore in FY2026 and ~Rs. 2 crore in FY2027.

Rating sensitivities

Positive factors – The long-term rating can be upgraded if BEL demonstrates a sustained growth in revenues while maintaining a healthy profitability, supported by a diversifying vaccines portfolio in addition to a sustained improvement in its liquidity position, while maintaining its strong credit metrics.

Negative factors – The ratings may be downgraded, if the company's revenues and profitability weaken on a sustained basis, resulting in pressure on cash flows, and an increase in debt levels. Further, an increase in the company's working capital intensity of operations may also lead to pressure on the ratings. Specific metric which could also trigger ratings downgrade would include total debt/ OPBDITA of more than 1.0 times on a sustained basis.

¹² United States Food and Drug Administration, World Health Organisation – Good manufacturing practices and Central Drugs Standard Control Organisation

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceutical
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of BEL.

About the company

Incorporated as Biological Products Private Limited in 1953, BEL is among the first private sector companies in India to manufacture biological products. The company was founded by Late Dr. DVK Raju, along with Dr. GAN Raju. BEL is a privately held company, with the promoters and their associate firms holding a 100% stake in the company.

The company derives revenues from two business segments — vaccines and pharmaceuticals (comprising formulations). Its vaccines drive most of its revenues from export markets, with supplies primarily to the institutional segment. Its pharma division, meanwhile, has mature yet strong brands in the domestic cough and cold, anti-coagulants, anti-venom, and gastro-intestinal segments, and has also forayed into regulated markets with a complex generic and injectables portfolio.

Over its 70 years of operations, the company has gained several credentials, including being the first company in India to manufacture certain critical vaccines (such as anti-tuberculosis and Heparin), the largest manufacturer of the TT¹³ vaccine with over 80% market share globally, a leader in snake anti-venom in India, and the leading LPV supplier in the world.

Key financial indicators (audited)

BEL – consolidated	FY2023	FY2024	9M FY2025*
Operating income	3820.3	2604.9	3274.1
PAT	953.1	810.2	864.6
OPBDIT/OI	36.6%	30.9%	46.5%
PAT/OI	24.9%	31.1%	26.4%
Total outside liabilities/Tangible net worth (times)	1.5	0.9	1.1
Total debt/OPBDIT (times)	1.4	2.2	0.6
Interest coverage (times)	7.9	4.2	12.4

Source: Company, ICRA Research; * Provisional standalone 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

¹³ Tetanus Toxoid

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023		
			April 09, 2025	-	Feb 20, 2024	Feb 12, 2024	Nov 02, 2022	Aug 30, 2022	
1 Term loans	Long-term	\$ 18.10 million Rs. 150.00 crore	[ICRA]AA (Stable)	-	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	
2 Fund-based Limits	Long-term	Rs. 1,300.00 crore	[ICRA]AA (Stable)	-	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	
3 Non-fund Based Limits	Short term	Rs. 130.00 crore	[ICRA]A1+	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
4 Fund-based/ Non-fund Based Limits	Long term/ short term	Rs. 755.00 crore	[ICRA]AA (Stable)/ [ICRA]A1+	-	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	
5 Unallocated	Long term/ short term	\$ 18.65 million Rs. 153.02 crore	[ICRA]AA (Stable)/ [ICRA]A1+	-	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	-	[ICRA]AA- (Stable)/ [ICRA]A1+	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term Loans	Simple
Long-term- Fund-based Facilities	Simple
Short-term- Non-fund Based Facilities	Very Simple
Long-term / Short-term – fund-based/ non-fund-based Facilities	Simple
Unallocated limits	Not applicable

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 No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated	Current Rating and Outlook
NA	Term loan - 1	FY2018	SOFR+0.85%	FY2026	\$18.10 million	[ICRA]AA(Stable)
NA	Term loan - 2	FY2024	8.05%	FY2026	Rs. 150.00 crore	[ICRA]AA(Stable)
NA	Long-term - fund-based limits	NA	NA	NA	Rs. 1,300.00 crore	[ICRA]AA(Stable)
NA	Short-term - non-fund based limits	NA	NA	NA	Rs. 130.00 crore	[ICRA]A1+
NA	Long-term/ short-term – fund-based/ non-fund-based facilities	NA	NA	NA	Rs. 755.00 crore	[ICRA]AA(Stable)/ [ICRA]A1+
NA	Unallocated limits	NA	NA	NA	\$18.65 million Rs. 153.02 crore	[ICRA]AA(Stable)/ [ICRA]A1+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
SUBSIDIARIES		
BE Vaccine PTE Limited	100.0%	Full Consolidation
BE Pharmaceuticals AG	100.0%	Full Consolidation
Biotech Medical Private Limited	100.0%	Full Consolidation
BE Investments Private Limited	100.0%	Full Consolidation
Vaxenic India Private Limited	100.0%	Full Consolidation
BE Pharmaceuticals Private Limited	100.0%	Full Consolidation
STEP-DOWN SUBSIDIARIES		
BE Pharmaceuticals Inc.	100.0%	Full Consolidation
BE Pharma BV	100.0%	Full Consolidation

Source: Company's annual report FY2024

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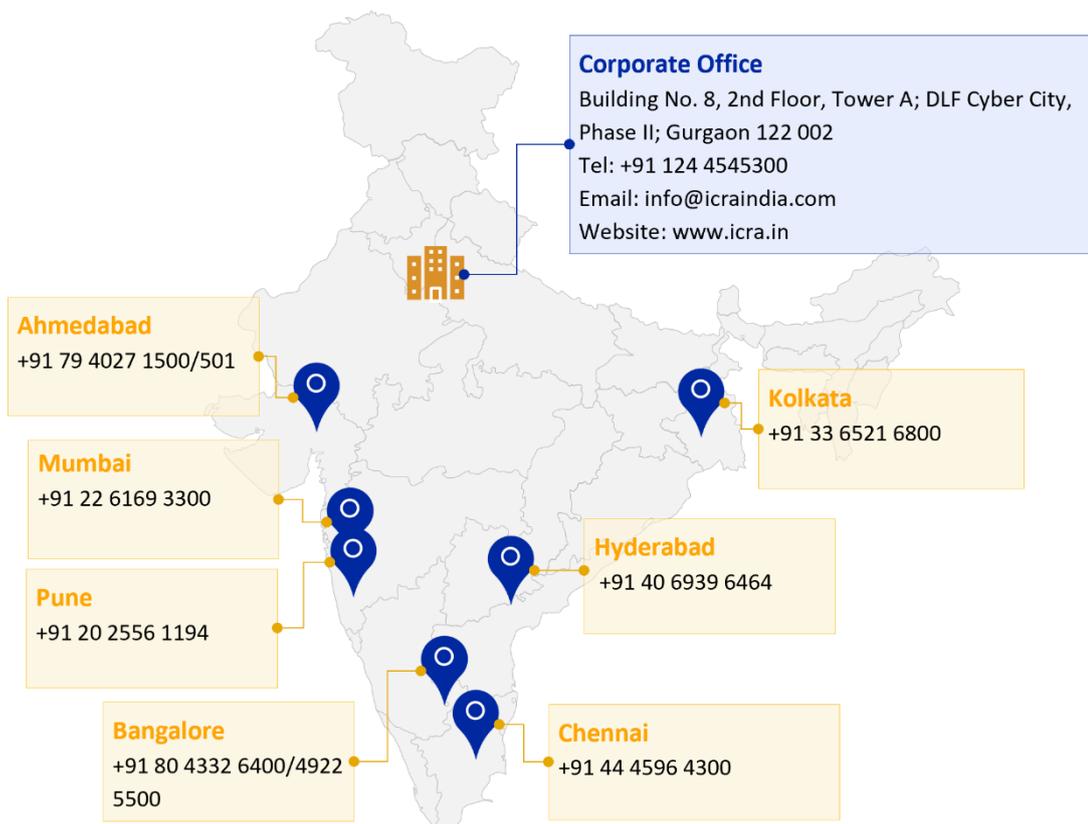
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