

Bharat Immunologicals & Biologicals Corporation Limited

	Amount (Rs. Cr)	Rating Action
		April 2016
Long-Term Fund-based (CC)	60.0 (reduced from Rs. 70.0 crore)	Revised from [ICRA]BBB-(Stable) to [ICRA]BB+ Stable)
Short-Term Non-fund Based (FLC)	65.0 (reduced from Rs. 80.0 crore)	Revised from [ICRA]A3 to [ICRA]A4+
Total	125.0 (reduced from Rs. 150.0 crore)	

ICRA has revised the long-term rating from [ICRA]BBB- (pronounced ICRA triple B minus) to [ICRA]BB+ (pronounced ICRA double B plus) for the Rs 60.0 crore¹ long-term fund based facilities and short-term rating from [ICRA]A3 (pronounced ICRA A three) to [ICRA]A4+ (pronounced ICRA A four plus) for the Rs 65.0 crore short-term non-fund based facilities of Bharat Immunologicals & Biologicals Corporation Limited (BIBCOL)². The total rated limits have been reduced from Rs. 150.0 crore to Rs. 125.0 crore. The outlook on the long-term rating is 'Stable'.

The rating revision takes into consideration the uncertain long-term revenue visibility of key product Oral Polio Vaccine (OPV) which accounts for a significant part of its turnover (due to likely decline in demand for the vaccine as well as expected substitution of OPV with in-activated variant). Considering the fact that company is not planning to enter the in-activated polio vaccine segment, its business prospects will depend to a great extent on diversifying its product portfolio. Further, the change in ratings also factors in the operating losses recorded in FY2016 by virtue of the company being liable to execute previous years' orders at less remunerative rates.

Nevertheless, ICRA factors in the established presence of BIBCOL in the OPV segment and the fact that it is majorly owned (i.e. 59.25%) by Government of India (GOI). The continued parent support in terms of grants for R&D, capital expenditure and operational guidance through an expert committee consisting of experienced and prominent professionals from renowned government institutions. The rating also derives comfort from the company's nil exposure to long-term borrowings and seasonal working capital requirements which are backed by confirmed orders. In the near term, BIBCOL's cash flows are expected to remain stable on the back of confirmed OPV orders at higher realization rates for FY2017, which would improve profitability and thereby limit working capital requirements. The ratings continue to be constrained by the volatility in the financial performance given the company's dependence on tender awards and exposure to foreign exchange rate fluctuation risk with almost entire raw material requirements being met through imports from a single source. Although BIBCOL is dependent on a single customer i.e. Government of India, the risk of collections is lower on account of the priority given to such healthcare programmes.

The company's ability to reduce its dependency on OPV (which is expected to be discontinued in the medium to long-term) and diversify its product profile, manage its foreign-exchange risk (in view of high dependence on imported raw material for manufacturing vaccines) and improve its profitability remains a key rating sensitivity.

Company Profile

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 vaccine 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 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-

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



Med Private Limited, Haffkine Bio-Pharmaceutical Corporation Ltd. and Bharat Biotech among others. BIBCOLD is a listed company on the Bombay stock exchange with the Government of India owning 59.25% stake.

Recent Results

As per published results for nine months of FY 2016, the company reported a net loss of Rs 6.3 crore on an Operating Income (OI) of Rs 69.0 crore.

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