

Bliss GVS Pharma Limited (REVISED)

Instrument	Amount	Rating Action
Long-term loans	63.0	Downgraded to [ICRA]BB+ (stable) from [ICRA]BBB (negative)
Long-term, fund-based limits	20.0	Downgraded to [ICRA]BB+ (stable) from [ICRA]BBB (negative)
Short-term, fund-based limits	49.0	Downgraded to [ICRA]A4+ from [ICRA]A3+
Short-term, non-fund based limits	3.0	Downgraded to [ICRA]A4+ from [ICRA]A3+

ICRA has revised the long-term rating assigned to the Rs. 20.0-crore¹, long-term, fund-based limits and the Rs. 63.0-crore, long-term loans of Bliss GVS Pharma Limited (BGPL)^{2*} to [ICRA]BB+ (pronounced ICRA double B plus) from [ICRA]BBB (pronounced ICRA triple B). The outlook on the long-term rating has been revised to Stable from Negative. ICRA has also revised the short-term rating assigned to the Rs. 49.0-crore, short-term, fund-based limits and the Rs. 3.0-crore, short-term, non-fund based limits of the company to [ICRA]A4+ (pronounced ICRA A four plus) from [ICRA]A3+ (pronounced ICRA A three plus).

The revision in ratings takes into account the company's continuously stretched working capital intensity of operations – 59% in FY2016 as against 45% in FY2012 - due to strained receivables position.

The ratings also remain constrained by the geo-political/ currency risks in some of the countries it exports to.

The company is the market leader in the anti-malarial segment of the African market (largest market for anti-malarial drugs), with presence in niche and high-margin segment of soft pessaries and suppository-based drug delivery systems. Surplus cash parked in fixed deposits provides liquidity comfort. The ratings also take into consideration the traction in the company's managed healthcare business in Kenya.

Company Profile

Incorporated in 1984, Bliss GVS Pharma Limited (BGPL) manufactures pessaries/ suppositories and branded anti-malarial formulations. Formerly, the company was known as Bliss Chemicals & Pharmaceuticals India Ltd. (BCPIL) and was promoted by the Skypak group headed by Mr. Dilip Kulkarni. In FY2004, Mr. S.N. Kamath (current Managing Director) along with Mr. Gautam Ashra (one of the present Directors) and Mr. M.G. Wagle (the then Managing Director) acquired management stake and control of the company through an agreement with Mr. Dilip Kulkarni.

Mr. S.N. Kamath is the promoter of GVS Labs, a proprietorship concern, primarily involved in the marketing of anti-malarial drugs in African countries. In FY2007, BCPIL took over GVS Labs to form BGPL. The takeover was completed for a consideration of Rs. 16 crore paid through issue of shares to Mr. Kamath. The Kamath family is also into pharma retail business and they have a retail store in Dombivali (Mumbai) run by the brothers of Mr. S.N. Kamath.

The company has three manufacturing units at Palghar, Maharashtra. While the company sells its vaginal contraceptives under the brand name of "Today", it exports its anti-malarial formulations in the form of tablets, dry syrups and anal suppositories. It has also entered into JVs in Kenya and Nigeria.

Recent results:

At the consolidated level, the company recorded a net profit of Rs. 100.2 crore on an operating income of Rs. 563.5 crore in FY2016 as compared to a net profit of Rs. 61.4 crore on an operating income of Rs. 420.8 crore in FY2015.

¹ 100 lakh = 1 crore = 10 million

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



At the consolidated level, the company recorded a net profit of Rs. 13.8 crore on an operating income of Rs. 65.9 crore in Q1 FY2017.

September 2016

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Manikankana Ray (Tel. No. +91 22 6114 3417)
manikankana.ray@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500