



Bliss GVS Pharma Limited

Instrument	Amount (Rs. Cr.)	Rating Action
Term Loans	63.0	[ICRA] BBB downgraded from [ICRA]BBB+; <i>outlook revised to Negative from Stable</i>
Fund Based Limits	20.0	[ICRA] BBB downgraded from [ICRA]BBB+; <i>outlook revised to Negative from Stable</i>
Fund Based Limits	49.0	[ICRA]A3+ revised from [ICRA]A2+
Non Fund Based Limits	3.0	[ICRA]A3+ revised from [ICRA]A2+

ICRA has revised the long-term rating to [ICRA]BBB (pronounced ICRA triple B) from [ICRA] BBB+ (pronounced ICRA triple B plus) to the Rs. 20.0 crore fund based limits and Rs. 63.0 crore term loans of Bliss GVS Pharma Limited (BGPL)*. The outlook on the long-term rating has been revised to Negative from Stable.

ICRA has also revised the short-term rating to [ICRA]A3+ (pronounced ICRA A three plus) from [ICRA] A2+ (pronounced ICRA A two plus) to the Rs. 49.0 crore fund based limits and Rs. 3.0 crore non-fund based limits of the company.

The revision in ratings takes into consideration the stretched working capital intensity of operations of the company due to strained receivables position particularly with regard to customers based in Ghana. The company also has a high client concentration, with ~70% of the revenues being contributed by the top 5 customers in FY15, of which ~53% of the sale is for two clients based in Nigeria and Ghana.

The ratings also remain constrained by the geo-political risks in some of the countries it exports to. Nigeria and Ghana together accounted for ~53% of revenues in FY15 (34% in FY14). The company has a single distributor for each these countries which leads to a high client concentration. Top five clients accounted for ~70% of standalone revenues in FY15. Large receivable period from customers has led to a high working capital intensity which has increased over the last three years from 45% in FY12 to 68% in FY15. Large receivables in geopolitically less stable regions also exposes the company to risks of potential write-offs. Over the last two years, the company has made several acquisitions forming JVs and subsidiaries in India as well as Africa. Many of these subsidiaries/JVs are currently loss making. Scaling up the business in these subsidiaries/JVs and making them profitable would remain a challenge.

The ratings continue to factor in the company's continuing market leadership in the anti-malarial segment in African markets (largest market for anti-malarial drugs), presence in niche and high margin segment of soft pessaries and suppository based drug delivery systems, a healthy capital structure. Surplus cash parked in fixed deposits provides liquidity comfort.

Company Profile

Incorporated in 1984, Bliss GVS Pharma Limited (BGPL) is involved in manufacturing of 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. However in 2003-04, 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 was also the promoter of GVS Labs, a proprietorship concern primarily involved in the marketing of anti-malarial drugs in African countries. In FY07, BCPIL took over GVS Labs to form

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



BGPL. The takeover was completed for a consideration of Rs. 16 crore paid through issue of shares to Mr. Kamath. The kamath family is into pharma retail business and they have a retail store in Dombivili run by the brothers of Mr. S.N. Kamath.

The company has a three manufacturing units at Palghar, Maharashtra. While the company sells its vaginal contraceptive 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. 61.4 crore on an operating income of Rs. 420.8 crore in FY15 as compared to a net profit of Rs. 41.0 crore on an operating income of Rs. 368.2 crore in FY14.

At the standalone level, the company has reported a net profit of Rs. 39.56 crore on an operating income of Rs. 173.91 crore (provisional).

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