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Bliss GVS Pharma Limited

June 26, 2024

Ratings

Instrument/ Facilities	Amount (INR crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	61.50	-	IVR BBB+/ Stable (IVR Triple B Plus with stable outlook)	Upgraded from IVR BBB/ Stable (Triple B with stable outlook) to IVR BBB+/ Stable (Triple B Plus with stable outlook) and simultaneously Withdrawn	Simple
Long Term Bank Facilities	23.50	-	-	Assigned at IVR BBB+/ Stable (Triple B Plus with stable outlook) and simultaneously Withdrawn	Simple
Short Term Bank Facilities	75.00	-	IVR A2 (IVR A Two)	Upgraded from IVR A3+ (A Three Plus) to IVR A2 (IVR A Two) and simultaneously Withdrawn	Simple
Total	160.00 (INR One Hundred and Sixty Crore only)				

Details of Facilities/ instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade and assignment of ratings to Bliss GVS Pharma Limited (BGPL) considers improvement in its financial risk profile marked by its comfortable leverage ratios coupled with improvement in its debt protection parameters. Moreover, the ratings also continue to factor in long operational track record of the company under experienced management and its established market position. However, these rating strengths are partially offset by working capital intensive nature of operations, vulnerability to change in Government /



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Regulatory policies and volatility in raw material prices, geographical concentration and foreign exchange fluctuation risk.

Infomerics Ratings has simultaneously withdrawn the rating assigned to the bank facilities of Bliss GVS Pharma Limited (BGPL) with immediate effect. The above action has been taken at the request of the company and No Objection Certificate (NOC) from Federal Bank dated June 12, 2024. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable as ratings are withdrawn.

List of key rating driver with detailed description

Key rating strengths:

- **Long operational track record; experienced management**

BGPL has an operating record of over 35 years in the pharmaceutical industry. This has enabled the Company to establish strong relationships with various stakeholders including suppliers and customers. Mr. Gagan Harsh Sharma was appointed as the Managing Director of the Company in FY21. BGPL continues to have experienced key management personnel and strong relationships with various stakeholders with industry presence of over three decades.

- **Established market position**

The Company has developed strong market position in the Sub-Saharan African region for its brands in the anti-malarial, dermatology and anti-inflammatory segments. The Company is a leader in manufacturing suppositories and pessaries dosage forms.

- **Healthy financial risk profile**

The financial risk profile remained healthy as demonstrated by strong capital structure and comfortable debt protection metrics. Total Outside Liabilities/Tangible Net worth remained at 0.19x and overall gearing ratio at 0.09x as on March 31, 2024. The Interest Service Coverage ratio stood comfortable at 18.46x in FY24 [FY refers to the period from April 1 to March 31] as against 8.97x in FY23. The Company achieved total operating income of Rs.605.46 crore in FY24 as compared to Rs.598.34 crore in FY23. EBITDA Margin increased to 17.70% in FY24 from 15.07% in FY23. However, PAT margin decreased from 13.17% in FY23 to 7.93% in FY24 due to exceptional losses of Rs.41.09 crore.



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Key rating weaknesses

- **Working capital intensive nature of operations**

Operating cycle stood at 254 days as on March 31, 2024, on account of large export receivables. The company operates in multiple geographies and has a wide product portfolio; hence, it is required to maintain substantial inventory to ensure adequate supply. Further, the debtor days are expected to remain high on account of transit period of 90-100 days as well as credit period in the range of 3-4 months offered to the customers (primarily African countries).

- **Vulnerability to change in government/regulatory policies and volatility in raw material prices**

The pharmaceutical industry is highly regulated, and hence, any adverse change in government/regulatory policies can impact the business risk profile of the Company. Having geographical presence in more than 64 emerging markets, the company needs to be constantly updated with the changing guidelines. Timely product and facility approval/renewal, in various semi-regulated markets, remains critical for the growth of exports going forward.

- **Geographical concentration**

The Company's major revenue comes from African countries, which significantly exposes its performance to geopolitical changes in the region.

- **Foreign exchange fluctuation risk**

The company is exposed to currency fluctuation risk to the extent that there is a mismatch between the currencies in which Export sales, import purchase, other expenses and borrowings in foreign currency are denominated and the functional currency of the company. The currencies in which these transactions are primarily denominated are Euro and USD. The company hedges foreign currency exposure by booking forward contracts of minimum 40-50% of total foreign currency exposure. Though the company has adequate PAT to absorb losses arising due to the currency fluctuation, profitability of BGPL may get affected by volatility in forex rate.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)



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[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of ratings](#)

Liquidity position: Strong

The liquidity position of the Company is strong marked by sufficient cash accruals of Rs.100- Rs. 135 crore as against its repayment obligations of ~Rs.19 - Rs.32 crore over FY25-FY27. The Company's average fund based working capital limit utilisation remained low at ~43% for the last 12 months ended March 2024. Further, the company has adequate gearing headroom on the back of its comfortable capital structure on the back of strong net worth base of the company of Rs. 983.14 crore as on March 31, 2024. The current ratio of the Company stood at 6.53x as on March 31, 2024. The free cash and cash equivalent stood at Rs.118.52 crore as on March 31, 2024.

About the Company

Bliss GVS Pharma Ltd (Bliss) incorporated in 1984, by Mr S N Kamath and Mr Gautam Ashra, has more than three decades of experience in manufacturing, marketing & exporting of more than 250 Branded Formulations that span across 20+ therapeutic segments and 16+ dosage forms. BGPL has a presence in more than 64 countries, with a major focus on the sub-Saharan African region. Its manufacturing facilities are located in Maharashtra which are certified as per ISO14001, OHSAS 18001, EU-GMP & WHO-GMP. Further, it also has 2 manufacturing units in Nigeria. Bliss also contract-manufactures suppositories and pessaries for Sun Pharma, Mankind, Sanofi and Alkem. However, these clients do not have rights for exporting the products. Around 93% of the total revenue of Bliss is generated from exports.

Financials (Standalone):

For the year ended*/ as on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	598.34	605.46
EBITDA	90.16	107.17
PAT	85.48	50.64
Total Debt	80.58	77.50
Tangible Net Worth	936.79	983.14
Adjusted Tangible Net Worth	829.56	875.48
EBITDA Margin (%)	15.07	17.70
PAT Margin (%)	13.17	7.93
Overall Gearing Ratio (x)	0.10	0.09
Interest Coverage Ratio (x)	8.97	18.46



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**Classification as per Infomerics' Standard*

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2021-22
					Apr 7, 2023		Jan 10, 2022	Dec 28, 2021
1.	Term Loan	Long Term	85.00	IVR BBB+/Stable; Withdrawn	IVR BBB/Stable	-	IVR BBB/Stable	IVR BBB-/Positive
2.	FUBP/FDBP/EBRD/RABC	Short Term	40.00	IVR A2; Withdrawn	IVR A3+	-	IVR A3+	IVR A3
3.	PCL/PCFC	Short Term	10.00	IVR A2; Withdrawn	IVR A3+	-	IVR A3+	IVR A3
4.	LC/ Buyer's credit	Short Term	25.00	IVR A2; Withdrawn	IVR A3+	-	IVR A3+	IVR A3

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate	Tenor/ Maturity	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Term Loans	NA	-	-	Dec 2027	85.00	Withdrawn
FUBP/FDBP/EBRD/RABC	NA	-	-	-	40.00	Withdrawn
PCL/PCFC	NA	-	-	-	10.00	Withdrawn
LC/ Buyer's credit	NA	-	-	-	25.00	Withdrawn
Total					160.00	

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-BlissGVS-june24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/ facilities: Not Applicable



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Annexure 4: List of companies considered for consolidated/ combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

