

## Brilliant Bio Pharma Private Limited

September 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	23.41	CARE BBB; Stable	Reaffirmed
Short Term Bank Facilities	35.70	CARE A3	Reaffirmed
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Brilliant Bio Pharma Private Limited (BBPPL) continues to draw strength from the experienced and resourceful promoters with long proven track record of operation, established relationship with customers and suppliers, diversified product portfolio with addition of new products. The rating also takes into account the steady improvement in total operating income (TOI) (FY refers to period from April 01 to March 31) with increase in profits in FY24, comfortable capital structure and healthy orders book position providing medium term revenue visibility. The rating strengths are, however, tempered by modest scale of operation, volatile operating margins, working capital intensive business, exposure to regulatory risk, and tender-driven nature of business.

CARE has withdrawn the ratings assigned to term loan as BBPPL has repaid the loan and there is no amount outstanding under the said facility as on date.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in the scale of operations by more than ₹150 crore y-o-y, going forward, while maintaining PBILDT margins above 20% on a sustained basis.
- Improvement in total debt (TD)/gross cash accruals (GCA) to less than 3x.

#### Negative factors

- Any un-envisaged incremental borrowings resulting in deterioration of overall gearing ratio over 0.5x.
- Significant decline in TOI by more than 20% y-o-y and PBILDT margin falling below 15%.

**Analytical approach:** Standalone (Factoring linkages with TGV SRAAC promoter group)

### Outlook: Stable

CARE Ratings believes that the entity will continue to benefit from the extensive experience of the promoters and management in the industry.

### Detailed description of key rating drivers:

#### Key strengths

##### Strong promoters with demonstrated resourcefulness

Brilliant Bio belongs to the TGV Group, which is into diversified business segments like chemicals manufacturing, health care products, aqua culture, real estate and hospitality. The TGV Group was promoted by T G Venkatesh, who hails from an industrial family in Kurnool, Andhra Pradesh. The flagship company of the group is TGV SRAAC Limited (rated 'CARE A; Stable/CARE A1'), which is into manufacturing of caustic soda and other chemicals. TGV SRAAC limited holds 16.46% shares in brilliant bio. Mourya

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

Boda (daughter of Mr TG Venkatesh) is the chairperson of the company and has vast experience in animal vaccine industry. She has been instrumental in the growth of the company over the years. Furthermore, the promoters are resourceful and have been regularly infusing funds to support business operations and to bring down the debt levels.

#### **Diversified and established relationship with customer and supplier**

Brilliant Bio has a long presence in veterinary vaccines and animal health products (AHPs) markets and is one of the prominent players in the industry. The company has a track record of more than three decades in manufacturing of animal vaccine. By virtue of the long presence in the industry, company has established healthy relationship with suppliers and customers. The company has been able to fetch orders from various government institutions/bodies on repeat basis. Brilliant Bio has a wide distribution network supported by its own warehouses and nearly 1000 authorised distributors, which have PAN India presence. Furthermore, the company has a separate marketing and sales team for the export market. On the supply side, company imports its major raw materials from suppliers in China and New Zealand and has long-established relationship with the suppliers.

#### **Moderately diversified product portfolio along with addition of new products**

Brilliant Bio primarily operates in two segments, i.e., vaccine and AHP. Under veterinary vaccine segment, the company caters rabies vaccine (RV), bacterial vaccine (BV) and foot and mouth disease (FMD) and under AHP, the company provides injections and medicines. The company derived 16% of revenue from AHP followed by bacterial vaccine of 13% and FMD vaccine of 62%. The company has received approval from drug authorities for manufacturing of the products such as FMD+HS, Bluetongue, PPR, and is planning to commercialise these vaccines by the end of Q3FY25. Further, the company is developing Sheep Pox vaccine which is yet to obtain license and the commercialisation will start post necessary approvals.

#### **Satisfactory Operational Performance during FY24**

The revenue improved by 8% y-o-y from Rs 86 crore in FY2023 to Rs 93.11 crore in FY2024 due to stable demand and increase in realization per doses. The PBILDT margins in FY2024 improved to 22% from 14% in FY2023 majorly due to lower raw material cost while selling the doses at a higher rate. The PAT margins remained stable at 4.34% in FY2024 (3.97% in FY2023) as the company incurred extraordinary expenses of Rs 8.65 crore in FY2024 towards quality control differences. Further, the company has outstanding order book of around Rs. 500 Crore from National Seeds corporation, New Delhi for FMD vaccines. Apart, it also receives regular orders from cooperative and trading organisation.

#### **Key weaknesses**

##### **Exposure to regulatory risk**

The vaccine industry has very high entry barriers and is a highly regulated market in terms of intellectual property rights (IPR) and other regulatory requirements. In the vaccine industry, IPRs are mainly for the virus which is used for vaccination. These are purchased by the vaccine manufacturers and stored as master seeds. The procurement of viruses is regulated by the country's regulatory body. Furthermore, there are special requirements on handling and safety with live organisms considering the risks of cross-contaminations. Thereby, it reflects a high regulatory risk and need of adhering to stringent norms and processes.

##### **Tender-driven business may lead to volatile operating profitability**

The company's performance is susceptible to the number of tenders floated by the government departments and ability of the company to successfully bid for the same. CARE Ratings notes that the pre-bid qualifying criterial and cost competitiveness must be maintained to ensure healthy work order flow and face competition.

### Elongated operating cycle

The company operates in working capital intensive nature of business and operating cycle elongated at 168 days in FY2024 (PY: 178 days). The average debtor days have stood at 47 days in FY24 (PY: 46 days). Out of the total debtors, around 30-40% of the debtors pertain to TANGEDCO w.r.t sale of power generated from windmill. However, from the government bodies for vaccines supplies, 75% of the payment is received within 30-45 days and remaining balance in 4-5 months. The company makes the payment to its creditors in 90 days and sometimes advance payment. In FY24 creditor holding has also improved to 34 days (50 days in FY23) with timely realisation from the debtors. Furthermore, the company holds the average inventory of around 90 days for the import material and the average inventory holding stood at 155 days in FY24 (PY: 181 days). CARE Ratings expects this to improve further as the company starts procuring raw material based on the order as against bulk purchase to safeguard from losses which may arise due to delay in process on account of shuffling of staff at various government departments.

### Liquidity: Adequate

The liquidity position of the company is adequate supported by projected GCA of ₹11.25 crore against the debt repayment obligations of ₹4.67 crore in FY25 and regular infusion of funds by the promoters. During FY24, the promoters brought in around ₹16 crore for modernisation of machinery and to support the working capital requirements. The company does not have any major capex plans in the near future. The company has sufficient gearing headroom to raise additional debt if needed. The liquidity is also supported by Positive Cash flow from Operations (CFO) of Rs 9.29 crore in FY24 and above unity current ratio of 2.60x as on Mar 31, 2024.

### Assumptions/Covenants- NA

### Environment, social, and governance (ESG) risks - NA

### Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

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### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Brilliant Bio Pharma Private Limited, promoted by T G Venkatesh, is engaged in the manufacture of veterinary vaccines and animal health products (AHPs). The company has its presence in both domestic and international markets across various countries in Asia Pacific region, Gulf, Middle East, Africa, and Latin America. Brilliant bio is a part of the Hyderabad-based TGV promoter group. The business operations of BBPL are handled by his daughter, Mourya Boda, chairman. TGV SRAAC is the flagship company of the TGV group

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	5MFY2024 (UA)
Total operating income	86.31	93.13	60.00
PBILDT	12.22	20.96	NA
PAT	3.43	4.04	NA
Overall gearing (times)	0.33	0.40	NA
Interest coverage (times)	2.70	4.01	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**Rating history for last three years: Annexure-2**

**Detailed explanation of covenants of rated instrument / facility: Annexure-3**

**Complexity level of instruments rated: Annexure-4**

**Lender details: Annexure-5**

#### **Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	14.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	Dec 2026	0.00	Withdrawn
Fund-based - LT-Working capital Term Loan		-	-	Dec 2025	9.41	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	20.00	CARE A3
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.70	CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	15.00	CARE A3

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB; Stable (06-Sep-23)	1)CARE BBB; Negative (28-Nov-22)	1)CARE BBB; Negative (03-Jan-22)
2	Fund-based - LT-Cash Credit	LT	14.00	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Sep-23)	1)CARE BBB; Negative (28-Nov-22)	1)CARE BBB; Negative (03-Jan-22)
3	Fund-based - LT-Stand by Limits	LT	-	-	-	-	1)Withdrawn (28-Nov-22)	1)CARE BBB; Negative (03-Jan-22)
4	Non-fund-based - ST-Letter of credit	ST	15.00	CARE A3	-	1)CARE A3 (06-Sep-23)	1)CARE A3 (28-Nov-22)	1)CARE A3 (03-Jan-22)
5	Non-fund-based - ST-Bank Guarantee	ST	20.00	CARE A3	-	1)CARE A3 (06-Sep-23)	1)CARE A3 (28-Nov-22)	1)CARE A3 (03-Jan-22)
6	Fund-based - LT-Working capital Term Loan	LT	9.41	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Sep-23)	1)CARE BBB; Negative (28-Nov-22)	1)CARE BBB; Negative (03-Jan-22)
7	Fund-based - LT-Proposed fund based limits	LT	-	-	-	-	1)Withdrawn (28-Nov-22)	1)CARE BBB; Negative (03-Jan-22)
8	Non-fund-based - ST-Credit Exposure Limit	ST	0.70	CARE A3	-	1)CARE A3 (06-Sep-23)	1)CARE A3 (28-Nov-22)	1)CARE A3 (03-Jan-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities- NA**

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working capital Term Loan	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Credit Exposure Limit	Simple
6	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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