Micro Crispr Private Limited

March 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00	CARE A-; Stable	Assigned
Long-term / short-term bank facilities	70.00	CARE A-; Stable / CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Micro Crispr Private Limited (MCPL) derive strength from parentage of the experienced and resourceful Bilakhia group, and group's successful track record in establishing and scaling technological intensive businesses. The group's demonstrated financial support to MCPL and its strong financial risk profile and liquidity further underpin ratings. Ratings also favourably factor MCPL's strong research and development (R&D) capabilities led by team of PhDs and scientists and positive demand outlook for MCPL's products.

However, ratings are tempered by MCPL's nascent stage of operations, large investment requirement in R&D and capex resulting in operating losses in near-to-medium term. Ratings are also constrained by uncertainty associated with the outcome of product development and clinical trial efforts for new-age innovative therapies and, regulatory, legal, and reputational risks associated with cell and gene therapies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commercial launch of its product, "MyCART", in the Indian market and ability to achieve significant growth in scale of operation and profitability.

Negative factors

- Lower-than-envisaged financial support from Bilakhia Holdings Private Limited (BHPL; parent) or dilution of equity stake by BHPL below 50%.
- Significant deterioration in the credit profile of its parent, BHPL.

Analytical approach:

Standalone and factoring parentage of BHPL. MCPL is a subsidiary of BHPL and is thus expected to receive need-based operational and financial support from BHPL.

Outlook: Stable

Stable outlook reflects CARE Ratings Limited' (CARE Ratings') expectation that MCPL shall continue to receive need-based support from its parent, BHPL.

Detailed description of key rating drivers:

Key strengths

Resourceful promoter group with track record of setting up and scaling businesses and demonstrated financial support to MCPL

BHPL is the ultimate holding company of the Bilakhia Group, which is the erstwhile promoter of Hubergroup India Private Limited (erstwhile Micro Inks Limited) and Bayer Vapi Private Limited (BVPL; erstwhile Bilag Industries Private Limited) and presently has diversified business interests in the fields of healthcare, investment, education and real estate through its subsidiaries. Group's medical devices business is housed under Micro Lifesciences Private Limited (Micro, rated 'CARE AA; Stale/ CARE A1+'). Micro and its subsidiaries are one of the largest manufacturers of cardiac and orthopaedic implants in India. Apart from implants, it also manufactures diagnostic devices, rapid test kits, reagents, and surgical sutures, among others. Its implants are CE marked (Conformite Europeenee) and are exported to over 100 countries.

Over the years, the promoters have successfully demonstrated their ability to create business models delivering quality products and achieving economies of scale. BHPL (excluding Micro) has strong financial flexibility due to its investment in debt/liquid mutual funds, fixed deposits and quoted equity shares of ~₹2,141 crore as on March 31, 2024, and ₹2,400 crore as on December 31, 2024, providing debt coverage (excluding debt of Micro) of over 12x as on March 31, 2024, which enables BHPL to provide need-based support to its subsidiaries. MCPL was a wholly owned subsidiary of BHPL till March 31, 2024. In FY25, Miris Empowerment LLP (MEL, Bilakhia group entity) infused equity share capital in MCPL, thereby diluting BHPL's stake in MCPL. However, MCPL continues to remain subsidiary of BHPL. BHPL has infused ~₹102 crore in MCPL in the form of equity subscription and extension

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

of unsecured loan till March 31, 2024. CARE Ratings observes, the financial support to MCPL is anticipated to continue until the company's cash accruals are sufficient to cover its own needs.

Strong R&D capabilities and planned product pipeline

MCPL has developed advanced autologous chimeric antigen receptor (CAR) T-cell therapy, "MyCART", which is designed and developed for patients with blood disorder (B-cell Lymphoma, Leukemia, and Multiple Myeloma). MCPL has already completed animal trials (pre-clinical trials) for the product and received approval for human trail. MCPL has tied up with several cancer hospitals across India and is currently enrolling subjects/ patients to conduct Phase 1 clinical trials. The company expects to complete human trails in next 12 months and expects commercial launch of the product in next 12-24 months. MCPL is the second company in India to develop CAR T-cell therapy. It has strong R&D team of over 100 PhDs and scientists at its two research centres, Vapi and Delhi.

MCPL has other planned products such as "Agafya" (autologous cell therapy for treatment of Sickle cell disease), "Efthalia" (allogenic ex vivo cell therapy for treating type 1 diabetes), "OmniCART" (allogenic cell therapy for treating lung cancer, prostate cancer, breast cancer), and "Natasa" (autologous cell therapy for treatment of HIV), among others.

Positive demand scenario for gene therapies considering benefit over existing therapies and several unmet patient needs

The global cell and gene therapy market is poised for significant growth over the next decade, driven by advancements in biotechnology, increasing investment in R&D, and a growing pipeline of innovative therapies. Cell and gene therapies, which involves modifying or manipulating genes to treat or prevent diseases, has emerged as a transformative approach in addressing previously untreatable genetic disorders, cancers, and chronic diseases. These therapies align with the shift toward personalised medicine, as it allows for tailored treatments based on an individual's genetic makeup. This trend is expected to drive further adoption across therapeutic areas. The annual global cancer treatment market is more than US$200 billion. These therapies provide significant advantages over traditional treatments such as reduction of side effects in the treatment and reduced likelihood of the re-occurrence of the cancer. As these therapies build their efficacy and safety track record, there will be a massive adoption of such treatments in medium-to-long-term. There are several genetic diseases where the existing available medication provides only temporary solutions, leading to significant deterioration in the quality of the life. Increasing prevalence and diagnosis of genetic diseases provides huge potential market for gene therapies. At present, innovator's CAR T-cell therapies (mostly US-based companies) cost anywhere between ₹2 crore and ₹4 crore for the entire treatment cycle. Indian companies, including MCPL, are expected to bring down the cost of such therapies which shall lead to higher affordability and higher adoption.

Liquidity: Adequate

MCPL does not have term-debt repayment obligation for FY25 and FY26. However, it plans to avail the term debt for its planned capex repayment which is expected to start from FY27. MCPL's cash accruals are expected to be inadequate to meet its capex, working capital, and term-debt repayment obligations. However, BHPL is expected to provide need-based financial support to MCPL in near-to-medium term. BHPL (excl. Micro) has a strong liquidity with unencumbered investments and cash equivalents of ~₹2,400 crore as on December 31, 2024, which indicates BHPL's ability to extend need based financial assistance to MCPL.

Key weaknesses

Nascent stage of operations and expectation of operating losses in near term

MCPL is still in pre-revenue stage and has short track record of operations. None of its products have been commercialised till date. The product development and trial phase have a long gestation period and requires significant investment in R&D and trials. The first product of the company is expected to commercialise in 12 to 24 months and might take another 12 to 24 months to scale and generate adequate revenue and profitability. MCPL expects to spend ~₹200 crore to ~₹250 crore in the next two years (FY25 and FY26) on R&D, clinical trials, and capital expenditure. Without sizable revenue and profitability from marketable products, MCPL is expected to report operating losses in near-to-medium term.

Uncertainty associated with outcome of product development and trials

Investment in cell and gene therapy development carries higher risk of failure in the product development stage. Inadequate safety or efficacy during the trial period could also result in product failure, which can result into significant financial loss, as R&D investments might require to be written off.

Regulatory, legal, and reputational risks associated with novel therapies

The first CAR T-cell therapy was approved by USFDA in 2017. These therapies have short active track record of efficacy and safety. Total approved cell and gene therapies by USFDA as on December 30, 2024, stands less than 50. Gene therapies are subject to rigorous regulatory scrutiny due to their novel mechanism and potential long-term effects. Regulatory agencies require extensive pre-clinical data to demonstrate safety, efficacy, and durability. Development of these therapies takes years of research and huge intertreatment. Failure to establish efficacy and safety or long delays in the approval process may pose risk to the entire investment behind these therapies. Cell and gene therapies carry inherent risks such as immune reaction, off-target effects, or unintended genetic modifications. If patient experiences adverse effects, manufacturer could face product liability lawsuits resulting in financial loss and reputation damage. Pharmaceuticals and biotechnology companies are frequent litigants of Intellectual Property (IP) disputes, which may result in severe penalties or losing key revenue streams.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals and biotechnology	Pharmaceuticals

Established in FY22, MCPL is a part of the Bilakhia group and is engaged in R&D of cell and gene therapies. Cell and gene therapies are used to treat genetic disorders, cancers, blood disorder, blindness, xenotransplantation, and other neurological disorders. "MyCART" is the first product developed by MCPL. It is an ex-vivo advanced autologous CAR T-cell therapy, where a patient's own T cells are extracted and redesigned to fight cancer cells.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25 (UA)
Total operating income	0.03	0.03	-
PBILDT	-8.90	-8.90	-11.96
PAT	-10.75	-15.71	-22.93
Overall gearing (times)	2.26	3.65	NA
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Un-audited; NM: Not Meaningful; NA: Not available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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-Long Term	-	-	-	March 2032*	100.00	CARE A-; Stable
Fund-based/ non-fund-based-LT/ST	-	-	-	-	70.00	CARE A-; Stable / CARE A2+

**Tentative*

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-Long Term	LT	100.00	CARE A-; Stable	-	-	-	-
2	Fund-based/non-fund-based-LT/ST	LT/ST	70.00	CARE A-; Stable / CARE A2+	-	-	-	-

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Long Term	Simple
2	Fund-based/non-fund-based-LT/ST	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 for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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