

JANUARY 19, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF BHARAT PARENTERALS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	7.46 (reduced from 10.57)	CARE BBB [Triple B]	Reaffirmed
Short-term Bank Facilities	20.00	CARE A3+ [A Three Plus]	Reaffirmed
Long-term/Short-term Bank Facilities	1.00	CARE BBB / CARE A3+ [Triple B / A Three Plus]	Reaffirmed
Total Facilities	28.46		

Rating Rationale

The ratings continue to derive comfort from the vast experience of the promoters of Bharat Parenterals Limited (BPL), its long track record of operations in the pharmaceutical formulation business along with established clientele in both the domestic as well as export markets. The ratings also factor its comfortable leverage and debt coverage indicators.

The ratings, however, continue to be constrained by BPL's modest scale of operations, high dependence on government contract business, intense competition prevailing in the generic formulation market, risk associated with fluctuation in foreign exchange rate and reputation & regulatory risk associated with the pharmaceutical industry.

BPL's ability to scale up its operations through greater geographical diversification and improve its profitability while maintaining its comfortable capital structure and effectively managing foreign exchange rate fluctuation risk would be the key rating sensitivities.

Background

Incorporated in 1992, Bharat Parenterals Limited (BPL) is promoted by Mr Bharat R Desai and his family members. BPL is engaged in manufacturing of various dosage forms i.e tablets, capsules, liquid orals, ointment and injectables (small volume parenterals and dry powder). BPL's product portfolio consists of generic formulations in tablets & capsule forms, ranging across various therapeutic classes primarily anti-infectives, pain, anti-biotics, cough etc. catering to the demand of various state governments in India as well as government demand in African countries. Its facility is located at village Haripura, Vadodara and has WHO-GMP and 'Schedule M' certification.

As per the audited results for FY14 (refers to the period April 1 to March 31), BPL reported a total operating income of Rs.118.22 crore (FY13: Rs.97.52 crore) with a PAT of Rs.6.55 crore (FY13: Rs.7.41 crore). As per the unaudited results for H1FY15, BPL reported a total operating income of Rs.46.81 crore with a PAT of Rs.3.92 crore.

Analyst Contact

Name: Kunal B. Shah

Tel: 079-40265681

Email: kunalb.shah@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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