

## Panacea Biotec Limited

February 08, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	959.55	CARE D (Single D)	Reaffirmed
Short term Bank Facilities	61.97	CARE D (Single D)	Reaffirmed
<b>Total</b>	<b>1021.52</b> <b>(Rupees One thousand twenty one crore and fifty two lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The rating reaffirmation for the bank facilities of Panacea Biotec Limited (PBL) takes into account the delays in repayment of the debt obligations of the company.

Going forward, the ability of the company to service its debt obligations in a timely manner with improvement in its liquidity position would remain the key rating sensitivity.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

##### *Delays in servicing of debt obligations*

The company has delayed in the servicing of the debt obligations on the instalments of its loan obligations on account of the weak liquidity position of the company.

#### Weak financial risk profile

The Total income from operations increased to Rs 589.49 crore in FY18 from Rs 546.76 crore in FY17 due to increased sale of vaccine EasySix in the domestic market, sale of oral polio vaccine to Government of India and growth in the pharmaceutical formulations business. PBL has incurred loss of Rs 73.29 crore in FY18 as against a loss of Rs 73.43 crore in FY17. Overall gearing moderated to 2.62x as on 31st Mar 2018 as compared to 2.35x as on 31st Mar 2017.

In H1FY19, total income from operations decreased to Rs 220.32 crore as against Rs 259.91 crore in H1FY18.

#### Key Rating Strengths

##### *Experienced promoters and management team and long track record of operations*

The Company has been in the pharmaceutical business since 1984 and has a long track record of operations of more than 30 years. The company is promoted by the Jain family headed by Mr Soshil Kumar Jain who has an experience of more than 50 years in the pharmaceutical industry. He is assisted by Dr Rajesh Jain and Mr Sandeep Jain in looking after the operations of the company. The senior management team of PBL comprises of well-qualified and experienced members.

#### Analytical approach:

Standalone

#### Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

#### About the Company

Panacea Biotec Limited (PBL) was incorporated in February, 1984 under the name of Panacea Drugs Private Limited (PDPL). In September 1993, it was converted into a public limited company and its name was changed to the present one. PBL is promoted by the Jain family headed by Mr. Soshil Kumar Jain and is one of the leading biotechnology companies in India involved in manufacturing of vaccines and pharmaceutical formulations. PBL has manufacturing facilities in Himachal Pradesh and Punjab for vaccines and pharmaceutical formulations complying with international regulatory standards of USFDA, UK-MHRA, and WHO-cGMP standards etc.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	546.76	589.49
PBILDT	86.54	94.53
PAT	-73.43	-73.29
Overall gearing (times)	2.35	2.62
Interest coverage (times)	0.84	0.92

A: Audited

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

Not Applicable

**Any other information:**

Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	Sep-2023	959.55	CARE D
Non-fund-based-Short Term	-	-	-	61.97	CARE D

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based-Long Term	LT	959.55	CARE D	-	1)CARE D (07-Dec-17) 2)CARE B+; Stable (26-Sep-17) 3)CARE D (20-Sep-17)	1)CARE B+ (12-Aug-16)	1)CARE B- (31-Mar-16) 2)CARE D (23-Apr-15)
2.	Non-fund-based-Short Term	ST	61.97	CARE D	-	1)CARE D (07-Dec-17) 2)CARE A4 (26-Sep-17) 3)CARE D (20-Sep-17)	1)CARE A4 (12-Aug-16)	1)CARE A4 (31-Mar-16) 2)CARE D (23-Apr-15)

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