



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE

## Ajcon's Xpress Idea

**Bharat Immunologicals and Biologicals Corporation Ltd. - "BUY" 19th Mar, 2015**

**CMP: 36.25 | Target: Rs. 60 | Upside: 66% | Market Capitalisation: Rs. 157cr. | FV: Rs. 10**

### About the Company

Bharat Immunologicals and Biologicals Corporation Ltd. (BIBCOL) is a leading biotechnology company (Govt. of India undertaking) and has its Oral Polio Vaccines (OPV) plant in state of Uttar Pradesh, India. The company currently manufactures and produces a range of pharmaceuticals products such as Oral Polio Vaccines (OPV Vaccine), Zinc Tablet & Diarrhea Management Kit etc. The Company was established for supply of Oral Polio Vaccine for meeting national Immunization programme of Government of India. Bharat Immunologicals and Biologicals Corporation Limited (BIBCOL) is a Central Public Sector Unit, under the Department of Biotechnology, Ministry of Science & Technology, Government of India. Commercial production was started in the year 1996 and since then contributed significantly to the National Immunizations Programme.

BIBCOL's principal mission is to save the lives of millions of children from avoidable disability, through polio vaccination. Since its inception, it has contributed significantly to the eradication of Poliomyelitis in the country through the National Immunization Program. BIBCOL is the pioneer in the field of polio vaccines, capturing 60% of total market share in India

The Company boasts of the fact that it has a series of 'firsts' to its credit. It is the first Indian Company to provide Oral Polio Vaccine in the country since 1990. It is also the first to offer alternate therapy for diarrhoea treatment which involves production of Zinc Dispersible tablets through technology diffusion from M/s Nutriset, France, a technology having an international patent; a Diarrhoea treatment Combo-Kit; dispersible Iron-Folic Acid tablets; Vitamin and Mineral Mixtures and other health care products developed through in-house R & D.

### Product Portfolio

Product's Name	Description
<b>Diarrhea Management Kit</b>	Diarrhea Management Kit (Zinc Tablet + ORS) for management of diarrhea among young children.
<b>Oral Polio Vaccine</b>	The live oral polio vaccine (OPV) is a trivalent vaccine containing suspensions of type 1,2 and 3 attenuated poliomyelitis viruses (Sabin strains) prepared in primary monkey kidney cell culture.
<b>Zinc Dispersable Tablet</b>	The dispersible zinc tablet, BIBZinC-20mg contains 20 mg of elemental zinc as active ingredient and contains sweetener and taste masker (Vanilla flavor) and is scored tablet. The product is in line with the recommendations of WHO. The product is produced with technology transfer from Nutriset (French Company) through Department of Biotechnology, Ministry of Science and Technology, Government of India. The Nutriset product has been tested in Indian fields and clinical trials have evaluated the efficacy of zinc supplementation and safety.



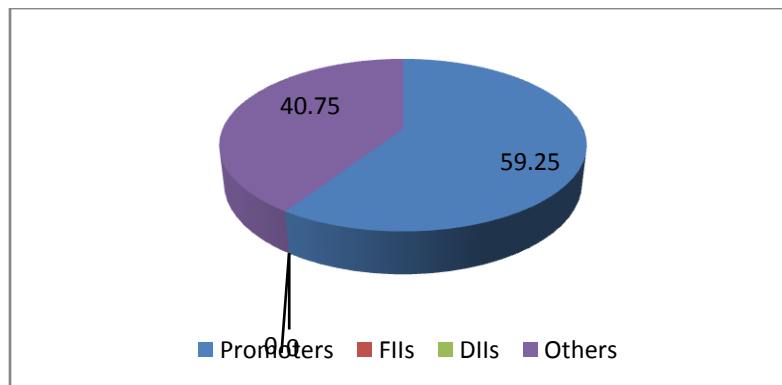
**IFA Tablets** Iron Deficiency Anemia (IDA) is most ignored in developing countries and is the major cause of anemia. The Iron Folic Tablets (IFA Tablets) are crucial component for treatment of Iron Deficiency and IDA.

### Performance

For 9MFY15, the Company reported yoy growth of 24% topline and an impressive EBITDA growth of 136%. PAT too witnessed a robust performance, yoy growth of 136% to touch Rs. 4.56 crores.

In FY14, the Company has recorded highest ever revenue in vaccine (OPV) segment and witnessed a yoy growth of 15% to touch Rs. 199.3 crores. In Pharma segment (Zinc + Kit) it generated Rs. 3.37 crores, yoy growth of 2%.

### Shareholding Pattern as on Dec. 2014 (%)



### Outlook & Valuation

BIBCOL is targeting the segment of malnourished children and has planned for development of products. BIBCOL Board has been reconstituted with wide experienced scientific experts having Chairmanship of Prof. M. K. Bhan, the renowned entity in scientific field. BIBCOL has started working on different scientific projects like Zinc Syrup, Ready to use Therapeutic food for malnourished children, dispersible Iron – Folic Acid tablets for treatment of anemia, Mineral Vitamin Mix powder and high energy food for severely malnourished children. The Company is expecting commercialization of these products in the near future.

At CMP, the stock is trading at a P/E of 25x at 9M FY15 Annualized Rs. 1.41 and 18x FY14 EPS of Rs. 2.06. With due consideration to factors like a) Government of India's thrust on National Immunization, b) gaining importance of Infant health among public, provide an opportunity for new healthcare products, c) pioneer in oral polio vaccines, d) leadership position in oral vaccination space, e) long standing history of over 15 years, f) favourable capital structure, g) positive Networth despite accumulated losses, h) Company in turnaround phase as evident by reduction in Accumulated losses (accumulated losses of the Company does not exceeds fifty percent of its Networth, we recommend a "BUY" on the stock with a price target of Rs. 60 (25x at street estimated FY16 estimated EPS of Rs. 2.4) an upside of 66%, over a period of 3 months.



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#### Stock Holding Disclosure under SEBI regulations:

- a) **Analyst holding: No**
- b) **Company holding: No**
- c) **Directors holding: No**
- d) **Group/Associates Position: No**
- e) **Relationship with management: No**

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