

Press Release

Biotech Vision Care Private Limited

June 22, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 49.70 Cr.
Long Term Rating	ACUITE BBB / Outlook: Stable (Reaffirmed)
Short Term Rating	ACUITE A3+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and short term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 49.70 crore bank facilities of Biotech Vision Care Private Limited (BVCPL). The outlook is '**Stable**'.

BVCPL is a Gujarat-based company engaged in developing and manufacturing of high quality, innovative ophthalmic surgical and eye care products that address a wide range of eye disorders. The company mainly manufactures Intraocular lenses (IOL).

BVCPL has a production capacity of over 2.4 million IOLs per annum. The company currently exports its products to 60 countries including those in Europe, South America, Middle East, North Africa, South-East Asia and the SAARC Nations. The company markets the products through distribution network in over 75 countries.

For analytical purposes, Acuité has consolidated the business and financial risk profiles of five companies. These are Biotech Ophthalmic Private Limited, Biomedical Life Sciences Private Limited, Biotech Vision Care Holding GMBH (Switzerland) that are 100 percent subsidiaries apart from Biotech Europe Meditech Inc. Limited at Ireland (100 per cent subsidiary of Biotech Vision Care Holding GMBH) and Biotech Vision Care SAN VE. TIC. A.S. Turkey (80 percent subsidiary). Acuité has adopted a consolidated approach on account of the significant operational and financial linkages apart from a common management.

Key Rating Drivers

Strengths

• Experienced management

Mr. Mehul Asnani (Chairman & Managing Director) has experience of over two decade in the eye care industry. He has established a market for their products in India and in overseas market with presence in around 120 countries. The other directors, Mrs. Ruchira Asnani and Mrs. Nirmala Asnani have over a decade of experience in the said line of business.

• Healthy financial risk profile

The group has a healthy financial risk profile marked by strong net worth of Rs.129.08 crore as on 31 March, 2018(Provisional). The gearing (debt-equity) stood comfortable at 0.35 times as on 31 March, 2018(Provisional) and 0.53 times as on 31 March, 2017. The group has generated healthy net cash accruals of Rs.29.10 crore for FY2018 (Provisional) and Rs.14.91 crore for FY2017. The debt protection metrics of the group are comfortable with NCA/TD (Net cash accruals to Total Debt) of 0.64 times for FY2018 (Provisional) as compared to 0.28 times for FY2017. The interest coverage ratio stood comfortable at 5.67 times for FY2017 which has improved to 8.97 times in FY2018 (Provisional). Acuité believes that the financial risk profile will remain strong backed by its robust cash accruals from operations coupled with prudent

dependence on external debt thereby resulting in comfortable gearing and coverage indicators.

• Healthy revenue growth

The group registered healthy operating revenue which increased from Rs.119.78 crore in FY2017 to Rs.151.79 crore in FY2018 (Provisional). The operating revenue has improved on account of introduction of new products. Acuite believes that the group will continue to maintain strong growth in revenues on account of new product developments and wide spread market presence.

Weaknesses

• Working capital intensive operations

The group's operations are working capital intensive marked by high Gross Current Asset (GCA) days at 342 in FY2018 (Provisional) as against 369 days in FY2017. This is mainly on account of high debtor days of 173 days in FY2018 (Provisional) as against 197 days in FY2017. The company's inventory also stood high at 128 days in FY2018 (Provisional) which was at 118 days in FY2017. The group needs to maintain high inventory in order to cater to overseas orders at a short notice. The utilisation in cash credit facilities of bank stood at 95.19 percent for last six months ending May 2018.

• Intense competition

The group faces intense competition from established domestic and international brands including Bausch & Lomb, Novartis and Abbot Medical Optics among others. Besides, it has to continually invest in marketing and distribution to tap new markets and consolidate its presence in the existing markets. The presence of several established players and available of cheaper products in the Intraocular lenses and eye care segment will continue to impact the group's ability to achieve significant revenue growth while maintaining its profitability margins over the near to medium term.

Analytical Approach

Acuite has consolidated the financial and business risk profiles of the subsidiaries - Biotech Ophthalmic Private Limited, Biomedical Lifesciences Private Limited, Biotech Vision Care SAN VE. TIC. A.S. Turkey, Biotech Vision Care Holding GMBH (Switzerland) and Biotech Europe Meditech Inc. Ltd., Ireland to arrive at the rating.

Outlook: Stable

Acuite believes that BVCPL will continue to maintain a 'Stable' outlook and benefit over the medium term owing to its experienced management and established market position. The outlook may be revised to 'Positive' in case the company generates revenue and profitability with prudent working capital management and sustains the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected margins and higher working capital requirement.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	151.79	119.78	120.47
EBITDA	Rs. Cr.	50.35	26.39	27.43
PAT	Rs. Cr.	23.71	10.41	14.99
EBITDA Margin	(%)	33.17	22.03	22.77
PAT Margin	(%)	15.62	8.69	12.45
ROCE	(%)	26.49	14.70	19.04
Total Debt/Tangible NetWorth	Times	0.35	0.53	0.44
PBDIT/Interest	Times	8.97	5.67	7.34
Total Debt/PBDIT	Times	0.90	2.01	1.49
Gross Current Assets (Days)	Days	342	369	331

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
02-Apr-2018	Working Capital Demand Loan	Long Term	19.70**	ACUITE BBB (Indicative)
	Term Loan	Long Term	4.80@	ACUITE BBB (Indicative)
	Cash Credit	Long Term	13.00	ACUITE BBB (Indicative)
	Bills Discounting	Short Term	2.00	ACUITE A3+ (Indicative)
	Term Loan	Long Term	2.10	ACUITE BBB (Indicative)
	Term Loan	Long Term	6.00	ACUITE BBB (Indicative)
	Secured Overdraft	Long Term	1.85	ACUITE BBB (Indicative)
	Bank Guarantee	Short Term	0.20	ACUITE A3+ (Indicative)
	Proposed Bank Facility	Long Term	0.05	ACUITE BBB (Indicative)
17-Mar-2017	Working Capital Demand Loan	Long Term	19.70**	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	4.80@	ACUITE BBB / Stable (Assigned)
	Cash Credit	Long Term	13.00	ACUITE BBB / Stable (Assigned)
	Post Shipment Credit	Short Term	2.00	ACUITE A3+ (Assigned)
	Term Loan	Long Term	2.10	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	6.00	ACUITE BBB / Stable (Assigned)
	Secured Overdraft	Long Term	1.85	ACUITE BBB / Stable (Assigned)
	Bank Guarantee	Short Term	0.20	ACUITE A3+ (Assigned)
	Proposed Bank Facility	Long Term	0.05	ACUITE BBB / Stable (Assigned)

@Sanctioned limit Rs.5.20 Crore

**Pre-shipment/Post Shipment – Rs. 19.00 Crore, Buyer Credit - Rs. 5.00 Crore, Sight/Usance LC-Rs.10.00 Crore, Bank Guarantee - Rs. 2.00 Crore, WCDL – Rs. 10.00 Crore, Cash Credit – Rs. 12.00 Crore, Bill Discounting – Rs. 19.00 Crore and SBLC – Rs. 2.00 Crore

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Working capital demand loan (WCDL)	Not Applicable	Not Applicable	Not Applicable	19.70*	ACUITE BBB / Stable (Reaffirmed)
Term loan	Not Applicable	Not Applicable	Not Applicable	3.83	ACUITE BBB / Stable (Reaffirmed)
Term loan	Not Applicable	Not Applicable	Not Applicable	1.30@	ACUITE BBB / Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.50	ACUITE BBB / Stable (Reaffirmed)
FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3+ (Reaffirmed)
Term loan	Not Applicable	Not Applicable	Not Applicable	2.10	ACUITE BBB / Stable (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	10.07	ACUITE BBB / Stable (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.20	ACUITE A3+ (Reaffirmed)

@Sanctioned limit Rs.5.20 Crore

*Pre-shipment/Post Shipment – Rs. 19.00 Cr., Sight/Usance LC-Rs.10.00 Crore, Bank Guarantee - Rs. 2.00 crore, WCDL – Rs. 16.00 Cr, Cash Credit – Rs. 19.00 Cr, Bill Discounting – Rs. 19.00 Cr and SBLC – Rs. 2.00 Cr

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About Acuite Ratings & Research:

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