

Press Release

Biotech Vision Care Private Limited

December 02, 2020

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 67.70 Cr.
Long Term Rating	ACUITE BBB/Outlook: Stable (Reaffirmed)
Short Term Rating	ACUITE A3+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 67.70 crore bank facilities of Biotech Vision Care Private Limited (BVPL). The outlook is '**Stable**'.

Gujarat-based Biotech Vision Care Private Limited (BVPL) was incorporated in 1999. The company is 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 6.23 million IOLs per annum. The company currently exports its products to 60 countries including those in Europe, South America, the Middle East, North Africa, South-East Asia and the SAARC Nations and market their products through distribution network in over 75+ countries. The company is the sole distributor of Carl Zeiss in India.

About Group

'Biotech Healthcare Group' has established presence since 1999, having its sales and marketing headquarter in Luzern, Switzerland. The group has established research and development centers and manufacturing facilities in Roscommon, Ireland and Ahmedabad, India. Key focus areas of the group include Ophthalmology, Dermatology, Orthopedics and Urology. The group key markets include Europe, South America, Middle East, South-East Asia and SAARC Nations.

Analytical Approach

Acuite has consolidated the financial and business risk profiles of holding company Biotech Vision Care Private Limited (BVPL) and the subsidiaries - 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. Biotech Ophthalmic Private Limited and Biomedical Lifesciences Private Limited have been merged in BVPL with effect from FY2019. Extent of Consolidation: Full

Key Rating Drivers

Strengths

• Establish track record of operations and experienced management

BVPL, a Gujarat-based company has established presence of over two decades since 1999. The group is engaged in developing and manufacturing of high quality, innovative ophthalmic surgical and eye care products. The key promoter, Mr. Mehul Asnani (Chairman & Managing Director), has experience of over two decades in the eye care industry. Extensive network of the promoters has helped the group to establish its 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. The group is also supported by an experienced second line of management. The group has registered a Y-o-Y growth in revenues by 7.14 per cent to Rs. 178.81 crore during FY2020 (Provisional) as against Rs.166.90 crores in FY2019. BVPL, has recorded Y-o-Y growth of 5.28 percent in revenues (Standalone) in FY2020 (Provisional), which

stood at Rs. 143.03 crores as against Rs. 135.86 crores in FY2019. Acuité believes that the extensive experience of the promoters is reflected through the established relationship with its customers and suppliers.

- **Healthy financial risk profile**

The group's financial risk profile is healthy, marked by a healthy network, low gearing and healthy average debt protection metrics. The group's net worth stood healthy at Rs. 130.41 crores as on March 31, 2019 as against Rs.100.05 crores as on March 31, 2018. The net worth levels have seen significant improvement over the last three years through FY2019 on account of ploughing back of profits and improved margins. The group has followed a conservative financial policy in the past, the same is reflected through its peak gearing and total outside liabilities to tangible net worth (TOL/TNW) levels of 0.53 times as on March 31, 2017 and 1.24 times as on March 31, 2018 respectively. The leverage levels continue to remain low at 0.30-0.55 times through the last three years ending FY2020 (Provisional). The NCA/TD ratio stood at 0.74 times as on March 31, 2019 as against 0.52 times as on March 31, 2018. The DSCR and Interest coverage ratio stood at 2.46 times and 5.59 times as on March 31, 2019. The healthy profitability levels, coupled with low debt levels, have led to healthy debt protection measures.

Weaknesses

- **Working capital intensive nature of operations**

Group's operations are working capital intensive in nature as reflected by its high gross current asset (GCA) days of around 312 days as on March 31, 2019 as against 380 days as on March 31, 2018. The group imports a significant portion of its raw material requirements and therefore maintains an inventory of around 120 to 180 days as the in-transit time is around 90 days. The group also maintains 60 days of finished goods of inventory in order to cater to spot orders from customers. The major sales happen in last two quarters and the group has to maintain 2 to 3 months inventory in hand. On the other hand, the group is able to get an extended credit period from its suppliers, leading to moderate reliance on working capital limits. Further, it allows a credit period of 90 to 180 days to its customers and also provides extended period to acquire new clientele, to penetrate more into newer territories. The working capital limits over the last six months period was utilized at an average of 58 per cent for the last six months ending September 2020.

Acuité expects the operations of the group to remain working capital intensive on account of the high inventory levels maintained by the group to cater to spot orders/extended credit period offered to acquire new customers/expand its sales to a new geography.

- **High competition, economic slowdown and impact of pandemic**

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 availability 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. Further, outbreak pandemic will significantly affect the demand in domestic as well international market and will adversely impact the operating performance of the group as well as the company.

Liquidity Position: Adequate

The net cash accruals of the group stood at Rs.14.91 - 32.42 crores, against repayment obligations of 4.93 -12.35 crores through last three years ending FY2020 (Provisional). The NCA/TD ratio stood at 0.74 times as on March 31, 2019 as against 0.52 times as on March 31, 2018. The DSCR and Interest coverage ratio stood at 2.46 times and 5.59 times as on March 31, 2019. Group's operations are working capital intensive in nature as reflected by its gross current asset (GCA) days of around 312 days as on March 31, 2019 as against 380 days as on March 31, 2018. The working capital limits over the last six months period was utilized at an average of 58.00 per cent for the last six months ending September 2020. Acuité

believes that with growth in scale of operations and improvement in margins, the liquidity profile will continue to remain adequate over the medium term.

Rating Sensitivities

- Sustaining existing business and financial risk profile
- Elongation in working capital cycle

Outlook: Stable

Acuite believes that group 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 group registers substantial improvement in revenues and profitability with prudent working capital management while sustaining its existing 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	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	166.90	148.17
PAT	Rs. Cr.	28.94	19.63
PAT Margin	(%)	17.34	13.25
Total Debt/Tangible Net Worth	Times	0.36	0.51
PBDIT/Interest	Times	5.59	7.87

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

None

Any other information

Not Applicable

Any Material Covenants

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-60.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
06-Sept-2019	Working capital demand loan (WCDL)	Long Term	19.70*	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	6.28	ACUITE BBB /Stable (Reaffirmed)
	Cash Credit	Long Term	10.50#	ACUITE BBB /Stable (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Short Term	2.00	ACUITE A3+ (Reaffirmed)

	Term loans	Long Term	1.95	ACUITE BBB /Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	10.40	ACUITE BBB /Stable (Reaffirmed)
	Term loans	Long Term	12.63	ACUITE BBB /Stable (Reaffirmed)
	Bank guarantee	Short Term	0.20	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	4.04	ACUITE A3+ (Assigned)
22-Jun-2018	Term Loan	Long Term	3.83	ACUITE BBB/ Stable (Reaffirmed)
	Term Loan	Long Term	1.30@	ACUITE BBB/ Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	19.70*	ACUITE BBB/ Stable (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE BBB/ Stable (Reaffirmed)
	Bills Discounting	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	2.10	ACUITE BBB/ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	10.07	ACUITE BBB/ Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.20	ACUITE A3+ (Reaffirmed)
02-Apr-2018	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)
	Bank Guarantee	Short Term	0.20	ACUITE A3+ (Indicative)
	Proposed Bank Facility	Long Term	0.05	ACUITE BBB (Indicative)
	Secured Overdraft	Long Term	1.85	ACUITE BBB (Indicative)

@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

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.50#	ACUITE BBB /Stable (Reaffirmed)
Term loans	Not Available	Not Applicable	Not Available	5.52	ACUITE BBB /Stable (Reaffirmed)
Term loans	Not Available	Not Applicable	Not Available	7.31	ACUITE BBB /Stable (Reaffirmed)
FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3+ (Reaffirmed)
Working Capital Demand Loan	Not Applicable	Not Applicable	Not Applicable	22.70*	ACUITE BBB /Stable (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	0.20	ACUITE A3+ (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	4.04	ACUITE A3+ (Reaffirmed)
Proposed Bank facility	Not Applicable	Not Applicable	Not Applicable	15.43	ACUITE BBB /Stable (Reaffirmed)

*Pre-shipment/Post Shipment/Bill Discounting – Rs. 22.00 Cr., Sight/Usance LC-Rs.13.00 Crore, Bank Guarantee – Rs. 2.00 crore, WCDL – Rs. 19.00 Cr, Cash Credit – Rs.22.00 Cr, and SBLC – Rs. 2.00 Cr

Sub limits of Rs.8.00 Cr. as PCFC/FDBP/FBD/PSFC and Rs.2.50 cr. as working capital demand loan.

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About Acuité Ratings & Research:

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