

Press Release

Biotech Vision Care Private Limited

February 15, 2023



Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	61.46	ACUITE BBB+ Stable Upgraded	-
Bank Loan Ratings	6.24	-	ACUITE A2 Upgraded
Total Outstanding Quantum (Rs. Cr)	67.70	-	-

Rating Rationale

Acuite has upgraded the long-term rating to **'ACUITE BBB+' (read as ACUITE Triple B plus)** from **'ACUITE BB+' (read as ACUITE Double B plus)** and short-term rating to **'Acuite A2' (read as ACUITE A two)** from **'Acuite A4+' (read as ACUITE A four plus)** on the Rs. 67.70 crore bank facilities of Biotech Vision Care Private Limited (BVCPL). The outlook is **'Stable'**.

Reason for Rating Upgrade

The rating upgrade reflects the improved scale of operations marked by the significant improvement in the profitability margins, healthy financial risk profile and strong liquidity position of the company. BVCPL has been able to improve its operations on the account of increase in volume of sales with an operating income of Rs.237.11 crore in FY2022 as against Rs.175.51 crore in FY2021. BVCPL has also booked revenue of Rs.203.35 crore till Dec 2022. Improvement in profitability margins are marked by a rise in operating profit margin i.e. EBITDA margin of 30.62 per cent in FY2022 and net profit margin of 24.51 per cent in FY2021.

Further, there is a significant improvement in overall financial risk profile on account of healthy net worth, gearing and debt-coverage indicators. Net worth stood healthy at Rs.254.32 crore as on March 31, 2022 as against Rs.197.11 crore as on March 31, 2021. Gearing improved from 0.16 times as on March 31, 2021 to 0.14 times as on March 31, 2022 supported by improvement in interest coverage ratio to 32.31 times as on March 31, 2022 as against 21.03 times as on March 31, 2021. Debt service coverage ratio stood comfortable at 6.76 times as on March 31, 2022.

The rating upgrade also derives comfort from a strong liquidity position of the company as evident from healthy net cash accruals of Rs.66.67 crores in FY2022 against maturing debt obligations amounting to Rs.3.11 crore for the same period, thereby resulting in lower dependence on working capital limits with average utilization being as low as ~45 per cent.

About Company

Biotech Vision Care Private Limited (BVPL) established in 1999 under the name Vista Implants Private Limited with Mrs. Lalitaben Shah, Mrs. Ruchira Asnani and Mr. Mehul Asnani as the directors. However later in May, 2000 the name of the company was changed to the current name. Mr. Mehul Asnani looks after the day to day activities of the company. The group has its sales and marketing headquarter in Luzern, Switzerland. It has established research & development centers with state-of-the-art manufacturing facilities in Roscommon, Ireland

and Ahmedabad, India. The company is engaged in manufacturing of intraocular lenses (IOL) which can be implanted in the eyes of cataract patient with the help of equipment. Along with the lens the company is also into manufacturing of accessories required during the cataract operation like strips, spears and surgical blades. The group has three manufacturing plant located in Khatraj (Ophthalmics), Ireland (Ophthalmics) and SEZ (Dermal and Ophthalmics solutions)

About the Group

Biotech Vision Care Private Limited is the flagship entity of the Biotech group with 12 subsidiaries under it. Key focus areas of the group include Ophthalmology, Dermatology, Orthopaedics and Urology. Group has one of the widest product portfolios in ophthalmology with more than 25 consumable products including implants, solutions and accessories. Additionally, the group has strategic tie-ups with leading manufacturers of diagnostic and surgical equipment for targeted markets to provide complete solution to its customers. In Orthopedics, group offer various types of single-shot and multi-shot viscos supplement solutions for Osteoarthritis of Knee. The dermal product range includes cross linked & non-cross linked dermal fillers for skin rejuvenation & facial volume/contour restoration. Product in urology segment provides immediate relief to Cystitis patients

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For analytical purposes, Acuité has consolidated the business and financial risk profiles Biotech Vision Care Private Limited and all its subsidiaries together known as 'Biotech Healthcare Group'. The subsidiaries include Biotech Healthcare Holding GMBH, Biotech Healthcare GMBH, Biotech Europe Midtech Inc.Ltd, Biotech Healthcare SAN VE. TIC. A.S, Biotech Vision Care Ophthalmologia, Biotech Columbia S A S, Healthcare Biotech SARL, Biotech Healthcare Germany GMBH, Biotech UK Healthcare Limited, Biotech Healthcare Iberia SL, Biotech Healthcare Australia Pvt Ltd and Biotech Meditech SA. The consolidation is majorly on account of common management with operational and financial linkages across the companies.

Key Rating Drivers

Strengths

> Establish track record of operations, experienced management and improving profitability.

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. An experienced second line of management also supports the group. The Group operations have improved reflected by growth in consolidated revenue from operations by 35.10% in FY2022 to Rs.237.11 crore as against Rs.175.51 crore for FY2021. The increase in revenue is on the account of increase in sales volumes led by higher demand especially from the export market. Furthermore, the group has recorded revenue of Rs 203.34 crore till Dec 2022. The operating profit margin of the group remains healthy despite a decline of ~300 bps at 30.62% in FY2022 as against 33.24% in FY2021. The decline was majorly on account of increase in employee cost and other expenses. Furthermore, the net profit margin of the group stood at 24.51 percent in FY2022 as against 25.81 percent in FY2021. The PAT margin of the group stood at ~18.80 percent in 9MFY2023. Currently, the group has orders in hand of Rs 33.19 crore to be executed in FY2023. ROCE of the group stood at 24.66 times in FY2022.

Acuité believes that BVCPL will continue to benefit from its established track record of operations, experienced management and long-standing relationships with its customers and

suppliers.

>Healthy Financial risk profile

The group's financial risk profile is healthy marked by net worth of Rs.254.32 crore as on 31 March 2022 as against Rs.197.11 crore as on 31 March, 2021. The improvement is majorly on account of accretion of reserves. The group follows conservative leverage policy. The gearing (debt-equity) stood low at 0.14 times as on 31 March, 2022 as against 0.13 times as on 31 March, 2021. The total debt outstanding of the group is Rs.36.48 crore as on 31 March, 2022 which consists of long term bank borrowings of Rs.12.11 crore and short term working capital limit of Rs.24.37 crore. Furthermore, the group has prepaid its long term debt obligations in Oct' 22 and has no outstanding long term debt as on date. The interest coverage ratio stood comfortable at 32.31 times for FY2022 as against 21.03 times for FY2021. The DSCR stood at 6.76 times for FY2022 as compared to 7.98 times for FY2021. The Net Cash Accruals to Total debt stood at 1.83 times as on FY2022 and 1.66 times for FY2021. The Total outside liabilities to Tangible net worth (TOL/TNW) stood at 0.37 times in FY2022 as against 0.39 times for FY2021. Going forward the financial risk profile is expected to improve because of its improving operating performance and reduction in debt liability of the company.

Acuité believes that the financial risk profile of BVCPL will continue to remain healthy on account of healthy profitability, strong net worth low debt levels.

Weaknesses

>Working capital intensive nature of operations

The group's operations are working capital intensive in nature as reflected by its gross current asset (GCA) days of around 305 days as on March 31, 2022 as against 295 days as on March 31, 2021. High GCA days is on the account of complex business structure where the group has to maintain large amount of inventory for various range of its product portfolio. The group maintains an inventory of around 180 days as the in-transit time is around 90 – 120 days. The group maintains 60 days of finished goods of inventory in order to cater to spot orders from customers. The group has to maintain 40 range of diapters with different combinations and imports a significant portion of its raw materials which eventually increase the inventory levels. Furthermore, the debtor days stood at 125 days as on March 21 FY2022 as against 123 days as on March 21 FY2021. The creditor days stood improved at 181 days as on March 31, FY2022 as against 177 days as on March 31, 2022. The group has availed the banking facilities of fundbased and non-fund based which includes cash credit, letter of credit, bank guarantee and PCFC facility. Despite working capital intensive nature of operations, the utilization of working capital limits remains moderate at ~45% in last one year ended January 2023.

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.

Rating Sensitivities

>Significant improvement in the scale of operations while maintaining profitability margins.

>Healthy Financial risk profile and Liquidity.

>Elongation in working capital cycle

Material Covenants

None

Liquidity Position

Adequate

The group's liquidity profile is adequate marked by adequate net cash accruals against its maturing debt obligations. The firm generated cash accruals of Rs.66.67 Cr in FY2022 as against its maturing debt obligation of 3.11 Cr in the same period. The firm maintains unencumbered cash and bank balances of Rs. 14.85 crore as on March 31, 2022. The current ratio of the group stood healthy at 2.53 times as on March 31, 2022.

Outlook: Stable

Acuité 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.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	237.11	175.51
PAT	Rs. Cr.	58.12	45.31
PAT Margin	(%)	24.51	25.81
Total Debt/Tangible Net Worth	Times	0.14	0.16
PBDIT/Interest	Times	32.31	21.03

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

None

Any Other Information

None

Applicable Criteria

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

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Feb 2022	Bank Guarantee	Short Term	0.20	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	4.04	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	22.70	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	15.43	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	7.31	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	5.52	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bills Discounting	Short Term	2.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	10.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)

02 Dec 2020	Cash Credit	Long Term	10.50	ACUITE BBB Stable (Reaffirmed)
	Letter of Credit	Short Term	4.04	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	5.52	ACUITE BBB Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	15.43	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	22.70	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.20	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	7.31	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	0.20	ACUITE A2 Upgraded
Union Bank of India	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A2 Upgraded
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.50	ACUITE BBB+ Stable Upgraded
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.04	ACUITE A2 Upgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	28.26	ACUITE BBB+ Stable Upgraded
CITI Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	22.70	ACUITE BBB+ Stable Upgraded

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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