

## Press Release

### Bio Medical Lifesciences Private Limited (BML)

March 20, 2017

#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 18.00 Cr
<b>Long Term Rating</b>	SMERA BB/Stable

\*Refer Annexure for details

#### Rating Rationale

SMERA has assigned long term rating of '**SMERA BB**' (**read as SMERA double B**) on the Rs.18.00 crore bank facilities of Bio Medical Lifesciences Private Limited (BML). The outlook is '**Stable**'.

Bio Medical Lifesciences Private Limited (BML), a Gujarat-based company, is setting up a viscoelastic solution manufacturing unit expected to be operational from April, 2017. The company is a wholly owned subsidiary of Biotech Vision Care Private Limited (BVCPL), engaged in the manufacture of intraocular lens.

SMERA has considered the ongoing operational & financial support from the parent company while arriving at the rating for BML.

#### List of key rating drivers and their detailed description

##### Strengths

**Experienced management:** Mr. Mehul Asnani, the promoter, has experience of over a decade in the eye care industry. He has established a market for the products in India and overseas markets with presence in around 120 countries, on the strength of the consistent product quality and established marketing network.

**Parent Support:** BML is a wholly owned subsidiary of BVCPL which is engaged in the manufacture of intraocular lens. The company has four subsidiaries and one step down subsidiary engaged in the manufacture of the aforementioned.

Till now the export orders were routed through Biotech Ophthalmic Private Limited (BOPL). Going forward, these will be routed through BML thus mitigating the offtake risk associated with a newly established entity.

Further the company has been receiving need based financial support in the form of unsecured loan and equity for funding the ongoing project from BVCPL. The centralised decision platform due common management, shared brand name and products reflects the strong support of BVCPL to BML.

Timely funding support from parent in case of exigencies will remain the key rating sensitivity going ahead.

## Weaknesses

**Project implementation risk:** The company is in process of setting up a manufacturing plant of viscoelastic solution to be used for ophthalmology, dermatology, orthopaedic and urology products. The total project cost of around Rs. 24.00 cr is expected to be funded through a term loan of Rs.18.00 cr and promoter's contribution of Rs.6.00 cr. The installed capacity is expected to be around 6 million units per annum.

As on 21 February, 2017, the company incurred cost of around Rs.19.32 cr (ie around 80 per cent). The promoters have infused around Rs.5.05 cr and the term loan of Rs.14.27 crore has been disbursed.

The commercial operations are expected to commence from May, 2017. Though the implementation risk is significantly mitigated on account of the advanced stage of the project and the promoter's experience in the line of activity, the credit profile of the company will be dependent on its ability to commence commercial operations as per schedule and achieve utilisation levels to generate revenue commensurate with debt servicing obligations.

**Intense competition:** The company faces intense competition from international brands including Bausch & Lomb, Novartis, Abbot Medical Optics among others. Besides, it has to continually invest in marketing and distribution infrastructure to tap new markets and consolidate its presence in the existing markets. The presence of established players in the 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:** SMERA has considered the ongoing operational & financial support from the parent company while arriving at the rating for BML.

## Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Group and Parent Support - <https://www.smera.in/criteria-group.htm>
- Application of Financial Ratios & Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>

## Outlook: Stable

SMERA believes the outlook on BLPL's rated facilities will continue to benefit over the medium term on account of the company's experienced management and strong parent support. . The outlook may be revised to 'Positive' in case the company is able to begin the operations as per the schedule and generate revenues and profitability with prudent working capital management and sustained 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

BML was established in 2008 under the directorship of Mr. Mehul Asnani and Mrs. Ruchira Asnani. The company is setting up a plant for manufacture of viscoelastic solution to be used for ophthalmology, dermatology, orthopaedic and urology products. The total project cost of around Rs. 24.00 cr is expected to be funded through a term loan of Rs.18.00 cr and promoter's contribution of Rs.6.00 cr.

## About the Parent Company

BVCPL, the erstwhile Vista Implants Private Limited, established in 1999 is led by Directors, Mrs. Lalitaben Shah, Mrs. Ruchira Asnani and Mr. Mehul Asnani. The day-to-day operations are led by Mr. Mehul Asnani.

The company is engaged in the manufacture of intraocular lenses (IOL) and has approximate installed capacity of manufacturing 2.4 million IOLs per annum. The factory unit is situated in Katraj, Gujarat.

BVCPL has four operational subsidiaries and one step down subsidiary. While Biotech Ophthalmic Private Limited is engaged in the manufacture of viscoelastic solutions, Biomedical Lifesciences Private Limited (100 per cent subsidiary) is currently setting up a similar manufacturing unit for the above. The other subsidiaries are Biotech Vision Care SAN VE. TIC. A.S. Turkey (80 per cent subsidiary), & Biotech Vision Care Holding GMBH (Switzerland) (100 per cent subsidiary) engaged in the trading of intraocular lens and solutions. Biotech Europe Meditech Inc. Limited, Ireland (100 per cent subsidiary of Biotech Vision Care Holding GMBH) has also set up a unit for manufacture of intraocular lens.

For FY2015-16, BVCPL (standalone) reported profit after tax (PAT) of Rs. 5.84 cr on operating income of Rs. 88.60 cr, as compared to profit after tax (PAT) of Rs. 4.24 cr on operating income of Rs. 83.66 cr in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

**Rating History for the last three years:**

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	18.00	SMERA BB/Stable (Assigned)	-	-	-	-	-	-

**\*Annexure - Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr)	Ratings/Outlook
Term Loan	NA	NA	Nov, 2022	18.00	SMERA BB/Stable (Assigned)

**Note on complexity levels of the rated instrument:** <https://www.smera.in/criteria-complexity-levels.htm>

**Contacts:**

Analytical	Rating Desk
Vinayak Nayak, Head – Rating Operations, SMERA Bond Ratings Tel: 02267141190 Email: <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Reema Gangola, Rating Analyst, Tel:02267141111 Email: <a href="mailto:reema.gangola@smera.in">reema.gangola@smera.in</a>	

**ABOUT SMERA**

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