

BPL Medical Technologies Private Limited

April 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	40.00	CARE A-; Stable	Assigned
Long-term / Short-term bank facilities	100.00	CARE A-; Stable / CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of BPL Medical Technologies Private Limited (BPL Medical) derive strength from its experienced and resourceful promoter group and established track record of operations, diversified product profile, established distribution and service network and expected rise in share of manufacturing products in total revenue in medium term leading improved profitability and return indicators. Ratings also factor its healthy net worth base leading to comfortable capital structure, adequate liquidity and favourable demand outlook for medical devices sector.

However, the long-term rating is tempered by moderation in its operating profitability in 9MFY25 (FY refers to April 01 to March 31) mainly due to delayed orders from government on account of general election and under-absorption of operational costs towards commissioning of its new Bengaluru facility. However, operating profitability is expected to recover from FY26 onwards with ramp-up of production from new facilities and increasing share of manufacturing revenue. Ratings are also constrained due to BPL Medical's working capital intensive operations, susceptibility of operating profitability to foreign exchange rate fluctuations, its dependence on capex plans of hospitals and intense competition from the established players in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations with increasing share of revenue from manufactured products in total revenue.
- Improvement in PBILDT (profit before interest, lease rentals, depreciation, and taxes) margin to over 10% along with ROCE (return on capital employed) of over 18% on a sustained basis.
- Significant improvement in the company's operating cycle on a sustained basis.

Negative factors

- Moderation in scale of operations and PBILDT margins below 6% from FY26 leading to lower than expected cash accruals.
- Any large size debt-funded Capex/ acquisition or significant elongation in its operating cycle leading to deterioration in its financial risk profile and liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that BPL Medical shall continue to benefit from its established operations, experienced promoter group and its comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoter group and established track record of operations

BPL Medical was incorporated in 2013 as a partnership between BPL Limited and Goldman Sachs group. Over the years, the company's scale of operations grew substantially under leadership of the promoters. Sunil Kumar Khurana, Executive Chairman and wholtime director (WTD) has over four decades of expertise in the healthcare sector. Ajay Jindal, CFO, also has an experience of over two decades in the industry. They are associated with the company since inception.

In July 2024, BPL Medical underwent a significant change in its shareholding structure. MNI Ventures (Part of Manipal Group) acquired the entire 67% stake in the company, previously held by two entities of Goldman Sachs Group. The Manipal group has an extensive experience of around five decades in running and managing healthcare and education businesses. Post transaction, Manipal group has appointed two nominee directors/ professionals on the board who bring experience of over three decades in strategic initiatives and investments. Change in ownership structure is expected to unlock new growth opportunities for the company and strengthen its market position.

Diversified product profile with established distribution and service network

BPL Medical has a diversified product profile consisting of anaesthesia workstations, patient monitoring systems, ultrasound solutions, home care solutions, ECGs (Electrocardiograms), ventilators, mother and infant care and consumables among others.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Its presence across multiple products mitigates the product risk to some extent. BPL Medical has a market share of ~10-12% in its addressable market (~₹4,000-5,000 crore) under medical devices in the domestic market (Source: Company). In the last three years, BPL Medical derived ~90-92% of its revenue from sale of medical equipments, 6% from sale of consumables and accessories while remaining from after sales service.

BPL Medical primarily operates through three sales channels viz. distributors, government and direct sales. BPL Medical derives ~55-60% of its revenue from distributors, ~20% from government (including of 10% through distributors) and 20-25% from direct sales to partner hospitals such as Apollo hospitals, Fortis and Manipal hospitals among others. BPL Medical also has an established after sales system comprising of over 130 direct service engineers, over 300 service engineer partners, over 90 service franchisees, 5 zonal workshops and has a team of over 30 application specialists.

Moderate share of manufacturing in total sales which is expected to improve in the medium term

BPL Medical has exclusive partnerships with its overseas suppliers for imported products it sells in the domestic market. BPL Medical sells products under its own brand name or under joint branding arrangement. It currently manufactures ECG, patient monitors, defibrillators, x-rays and consumables. About 28% of its sales in 9MFY25 was from sale of manufactured products, while balance from imported products. However, with recent commissioning of its manufacturing facility in Jigani, Bengaluru in October 2024, the share of manufacturing is expected to increase to ~50% of total revenue in next 3-4 years.

Healthy net worth base with low reliance on external debt leading to comfortable capital structure

BPL Medical has a healthy net worth base of over ₹400 crore as on March 31, 2024 against which it had an outstanding debt of ₹84 crore (including lease liability and acceptances) as on even date. BPL Medical has a comfortable capital structure with no outstanding term debt as on December 31, 2024 and has no plans to avail the same in the near-to-medium term. Overall gearing stood comfortable at 0.20x as on March 31, 2024 and is expected to remain in similar range in the medium term. However, any sizable debt funded capex or acquisition shall remain a key monitorable.

Favourable demand outlook for medical devices sector

The Indian Medical devices market valued at ~₹1.2 lakh crore in FY24. Its share in the global market is estimated to be ~1.65%. With ~80% of devices currently imported, there is significant potential for import substitution. The Government of India has commenced initiatives to strengthen the medical devices sector with emphasis on research and development (R&D) and 100% FDI for medical devices among others to boost the market.

Liquidity: Adequate

BPL Medical's liquidity is adequate marked by expectations of annual cash accruals of ~₹45-55 crore per annum in FY26-FY27 against nil term debt repayment obligations. BPL Medical had unencumbered cash and bank balances of ₹114 crore as on December 31, 2024 (₹169 crore as on March 31, 2024). Despite working capital intensive operations, the maximum utilisation of its fund-based limits stood low at ~24% for 12 months ended December 2024 on account of healthy net worth and cash accruals. BPL Medical largely utilises its non-fund-based limits for imports, performance bank guarantee and for tender participation to government orders. Current ratio remains comfortable at 2.72x as on March 31, 2024. Unutilised working capital lines and healthy cash and bank balances are adequate to meet any incremental working capital requirements in the medium term.

Key weaknesses

Moderation in operating profitability in FY25 which is expected to recover from FY26

BPL Medical's TOI grew at a compound annual growth rate (CAGR) of over 20% in FY20-FY24. TOI grew by ~12% in FY24 to ₹496 crore (FY23: ₹443 crore) with improved demand for its products leading to healthy PBILDT margin of 9.09%. However, TOI largely remained stable in 9MFY25 at ₹323 crore (9MFY24: ₹343 crore) as orders from government delayed due to general election. Further, it had to surrender its BIS (Bureau of Indian Standards) license for manufacturing of x-ray equipment at its Kerala facility to transfer it under its newly established Bengaluru facility for a quick issuance of license to Bengaluru facility leading to some impact on TOI. Furthermore, profitability was also impacted in 9MFY25 due to under-absorption of operational costs towards the commissioning of new facility in Bengaluru. The profit after taxation (PAT) margin was also impacted due to one-off/ exceptional cost associated with payments made to employees following the acquisition by the Manipal group.

Going forward, with ramp up of its manufacturing facilities, expected introduction of new products and continuous R&D, CARE Ratings expects its TOI to grow at an average rate of ~20% in FY26-27. While PBILDT margins are expected to improve at ~7-8% with growth in sales volume and higher share of manufacturing products and exports in total revenue.

Operating profitability susceptible to foreign exchange rate fluctuations

BPL Medical's profitability margins are susceptible to foreign currency rates fluctuations given significant dependence on imports from South Korea, China, UK, Germany among others while largely generating revenue from the domestic market (over 95%). Earlier, BPL Medical did not follow hedging policies. It reported forex loss of ₹1.67 crore in FY24 (FY23: ₹4.20 crore). However,

since past one year due to currency volatility, BPL Medical is covering ~40% of its payables mitigating the risk to certain extent. It has also resorted for a price revision of ~3-4% for its products to offset impact of currency depreciation and volatility and thereby maintaining gross margins.

Working capital intensive operations albeit low reliance on external debt

BPL Medical's operating cycle stood at 118 days in FY24 (FY23: 107 days). BPL Medical deals in various stock keeping units (SKUs), which needs to be maintained to meet immediate demands and accordingly has higher inventory level. In the last two years, its inventory holding period has increased to 130-140 days on account of lower-than-expected growth in scale of operations and increase in SKUs. BPL Medical extends credit of ~60-90 days to its distributors, ~180-200 days to government and ~90-100 days for its direct sales to partner hospitals while it receives a credit period of ~90 days from majority of its suppliers. Despite working capital intensive operations, reliance on external debt remains low due to healthy net worth base.

Exposed to competition from established players and dependence of capex plans of hospitals

Indian medical devices market still predominantly depends on imports. The global market is dominated by international players such as GE, Philips, Siemens among others. These companies account for a considerable portion of the market due to high R&D capabilities. Competitors also include other medium and small size players in the medical devices industry. The intense competition restricts the company's pricing flexibility to a certain extent. Any new technology in the industry shall affect company's business risk profile. Operations and profitability of industry players are also susceptible to any adverse changes in Government regulations. Going forward, increase in manufactured products and increase its presence in key markets leading to substantial growth in revenue will remain a key rating monitorable.

The demand for company's products is largely influenced by the capex plans of hospital entities which can be cyclical in nature. Substantial demand generation in a certain period (FY21 and FY22) may lead to relatively lower demand in the subsequent period (FY23 and FY24). Additionally, in times of economic uncertainty, hospitals may delay or scale back their capex plans, leading to reduced demand for medical devices.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare equipment & supplies	Medical equipment & supplies

BPL Medical was incorporated in 2013 as a partnership between BPL Limited and Goldman Sachs group. BPL Medical is engaged in manufacturing, trading or distribution and servicing of medical equipments. It offers a wide range of medical technology solutions in major six segments namely cardiology, critical care and surgery, women and childcare, imaging, homecare and consumables & accessories. It has a diversified product profile consisting of anaesthesia workstations, patient monitoring systems, ultrasound solutions, home care solutions, ECGs, ventilators, mother and infant care and consumables among others. BPL Medical has two ISO certified manufacturing facilities in Palakkad, Kerala and Jigani, Bengaluru. In July 2024, MNI Ventures (Manipal group) acquired the entire 67% stake held by previous two entities of Goldman Sachs group.

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (Prov.)
Total operating income	443	496	323
PBILDT	37	45	10
PAT	43	40	(12) *
Overall gearing (times)	0.20	0.20	NA
Interest coverage (times)	15.66	12.94	20.47

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results

*Considering extraordinary expense towards payment to employees following acquisition by the Manipal group

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	40.00	CARE A-; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	100.00	CARE A-; Stable/ CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	40.00	CARE A-; Stable	-	-	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ ST	100.00	CARE A-; Stable/ CARE A2+	-	-	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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