

FIN(4)FW023  
Finance Wales Inquiry  
Response from Biotec Services International Ltd

I would like to take this opportunity to respond to the Access to Finance review - 2nd Stage Report.

Although there are aspects of the report which I agree with, I do find that overall the picture around Finance Wales ("FW") has been maybe unfairly painted.

I write this based on my experiences with Finance Wales which dates back almost 10 years, firstly in my role as a corporate finance manager for a regional accountancy firm and then latterly as the Finance Director of Biotec Services International Limited. It is the later though that I would like to focus in on, as I believe, this case study substantiates the vision behind the conception of Finance Wales as an entity in the first instance and the rationale for continued support from the Welsh Government ("WG").

We as a company have between 2007 and 2012 borrowed and repaid c£900k in monies from FW. Yes I agree the rates should be reviewed albeit pricing over this period for Biotec has reflected the risk levels fairly. Security in the form of a 3rd charge on a property ranking behind the bank and indeed WG had been made available.

Clearly if another funder would have provided the required levels cheaper we would have gone with them, however, you will note from the timeline below, this in large covers the period where bank lending ground to a halt.

Loan 1: £150k Dec 07 repaid May 09, Interest rate 11.75% less 5.0% interest rate subsidy, therefore a net rate 6.75% fixed

Loan 2: £250k Nov 10 repaid Aug 13, Interest rate fixed at 7.0% (subsidy scheme had been withdrawn by this point)

Loan 3: £500k Nov 11 repaid Aug 13, Interest rate fixed at 8.0% (no subsidy)

Loan 1: Enabled the company to move into a purpose built 13,000 sq ft facility; Loan 2: Facilitated a Vendor Initiated Management Buy Out Loan 3: Enabled the company to commission and fit out a new 15,000 state of the operational facility, increasing overall capacity to 28,000 sq ft.

During this period the company has grown its headline revenues from c£3m to c£9m and the headcount has risen from c20 to c60 FTEs. Our contribution to central government coffers in the form of PAYE, Employers NI and Corporation tax has significantly increased during this period - Corporation tax alone for the financial years ended 31 December 2011 and 2012 amounts to c£400k.

The funding from FW has now been repaid in full, however, we are now in discussions about further funding in the form of equity injection into a related company, namely TrakCel Limited. This in turn we hope will lead to further job creation in Wales and increases our contribution into the local economy.

This I hope illustrates FW at its best and I would urge you to take this into consideration as part of the overall review.

Kindest Regards  
Ravi

Ravi Nalliah  
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Biotec Services International Ltd