



Press Release
PHARMALAB INDIA PRIVATE LIMITED
March 03, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.30	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	12.10	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	12.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	30.40	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs. 12.10 Cr. bank facilities and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 12.00 Cr. bank facilities of Pharmalab India Private Limited. The outlook is '**Stable**'.
Acuite has also assigned the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs. 6.30 Cr. bank facilities of Pharmalab India Private Limited. The outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating factors in the steady operating performance of the company's in FY24 as well as 9MFY25, the healthy financial risk profile marked by moderate net-worth, low gearing and healthy debt protection metrics. The rating also draws comfort from the company's experienced management with an established track record of operations and its reputed clientele. The rating is, however, constrained by the company's working capital- intensive nature of operations and presence in a highly competitive nature of the industry.

About the Company

Mumbai-based, Pharmalab India Private Limited (the erstwhile Pharmalab Process Equipments Private Limited) was incorporated in the year 2006. The directors of the company are Mr. Umesh P. Shah, Mr. Karnik K. Parikh, Mr. Rashmi P. Shah, Mr. Nitin P. Shah, Mr. Kunal U. Shah, Mr. Vishal U. Shah and Mr. Jay K. Shah. They are engaged in manufacturing state of the art equipment in the areas of Water system, Sterilization, Processing, Filtration, Packaging etc., for pharmaceutical, chemicals, beverages, distilleries, pesticides, food and other industries & also for Hospitals. The range of equipment dealt with includes multiple purified water generation system, sterilizer, filter press, process equipment, liquid packaging line, bottle washing machine, capping machine, labelling machine, tablet tools cleaning equipment, etc.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profiles of PIPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management with an established track record of operations and reputed clientele

PIPL has an operational track record of nearly two decades. The promoters and their families possess over four decades of experience in the machinery and equipment manufacturing business. The management is further supported by its well-qualified and experienced team of professionals managing day-to-day operations of PIPL. The extensive experience of the management and the established presence of the company has enabled PIPL to maintain a healthy relationship with its reputed clientele. Acuité believes that PIPL is likely to benefit from its experienced management and established track record of operations in the medium term.

Healthy financial risk profile

The financial risk profile of PIPL is healthy marked by moderate net worth, low gearing and healthy debt protection metrics. The tangible net-worth of the company stood improved at Rs.53.59 Cr. as on 31 March 2024 as against Rs.52.52 Cr. as on 31 March 2023 due to accretion of profits to reserves. The total debt of the company is Rs. 16.31 Cr. as on 31st March 2024 against Rs. 8.32 Cr. as on 31st March 2023. The gearing stands low at 0.30 times in FY24 against 0.16 times in FY23 and 0.30 times in FY22.

Further, the interest coverage ratio of the company stood at 7.91 times in FY24 against 12.74 times in FY23 and 8.44 times in FY22. The decline in interest coverage ratios has been noticed because there is decrease in the profitability in FY24. The debt service coverage ratio stood at 5.58 times in FY24 against 7.79 times in FY23 and 3.38 times in FY22. The TOL/TNW stood at 1.48 times in FY24 against 1.11 times in FY23 and 1.62 times in FY22. Acuité believes that the financial risk profile of PIPL is likely to remain healthy over the medium term due to its low gearing, moderate tangible net worth and healthy debt protection metrics.

Steady operating performance

The company has achieved a revenue of Rs. 166.10 Cr. in FY24 against Rs. 132.14 Cr. in FY23. The company sells a wide range of equipment related to processing, filtration, sterilization, packaging amongst others to its various end-user industrial clients of pharmaceutical, chemicals, beverages, distilleries, pesticides etc. sectors. Further, apart from exporting its own manufactured equipment, the company also undertakes export trade of a certain range of equipment as per the specific requirement of its clients. The value of export sales improved during FY24 to Rs.71.20 Cr. as against Rs.28.12 Cr. in FY23.

The EBITDA margins of the company stood at 8.97% in FY24 as compared to 14.94% in FY23 and 9.08% in FY22. The company's operating margin was unusually high in FY2023 due to lower equipment purchases. In FY2022, a shipment was delayed due to a client's late payment, and the subsequent sale was affected in Q1 FY2023. However, the slight moderation in margins in FY 24 from FY22 can be attributed to the increased selling expenses. The PAT margins of the company stood at 5.33% in FY24 as compared to 9.72 % in FY23 and 5.70 % in FY22. The decrease in PAT was because of the increase in interest costs and a minor decrease in other income.

The topline of the company for 9MFY2025 is Rs. 107.79 Cr. The company has a total outstanding order book of Rs. 92.07 Cr. as of January 2025 for local and export orders of which Rs. 50 Cr. will be realized in FY25 and the rest by the end of September 2025. Acuité believes that PIPL is likely to maintain the topline and the margins in medium term.

Weaknesses

Working capital intensive operations

The working capital operations of the company remained intensive marked by GCA days which stood at 244 days as on as on 31st March 2024 against 237 days as on 31st March 2023. The inventory and debtor days of the company stood at 119 days and 108 days respectively as on 31st March 2024 against 154 days and 62 days respectively as on 31st March 2023. The improvement in inventory days was due to better inventory management and the elongation of debtor period was noticed because of the LC backed orders from Bangladesh which increase the total debtors during the end of the financial year. On the other hand, the creditor days of the company stood at 108 days as on 31st March 2024 against 103 days as on 31st March 2023. Acuité believes that the ability of PIPL is likely to maintain the working capital cycle on the same lines over the medium term.

Intense competition in the capital goods industry

PIPL faces intense competition from various organized and unorganized players in the capital goods industry. Further, the capital goods industry is cyclical in nature and depends on the investment cycle in the end user industries. Any slowdown in the order execution or postponement of the same from the customers can result in elongation of the company's working capital cycle and decline in the revenue.

Rating Sensitivities

Movement in the scale of operations.
Movement in the profitability margins.
Movement in the working capital cycle.

Liquidity Position

Adequate

PIPL has an adequate liquidity position marked by sufficient net cash accruals (NCA) to its maturing debt obligations. The company generated net cash accruals of Rs. 10.64 Cr. as on 31st March 2024 against the debt repayment obligations of Rs. 0.27 Cr. in the same period. The current ratio of the company declined to 1.70 times as on 31st March 2024 against 1.85 times as on 31st March 2023 because of the increase in payables. The NCA/TD stood at 0.65 times in FY24 as against 1.76 times in FY23 and 0.71 times in FY22. Further, the average bank limit utilization at the month end balance stood low at 21% for 6 months ending January 2025. Acuité believes that the liquidity of PIPL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations, moderate current ratio and absence of any major debt funded capex plans.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	166.10	132.14
PAT	Rs. Cr.	8.85	12.84
PAT Margin	(%)	5.33	9.72
Total Debt/Tangible Net Worth	Times	0.30	0.16
PBDIT/Interest	Times	7.91	12.74

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
04 Dec 2023	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.10	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB Stable (Reaffirmed)
05 Sep 2022	PC/PCFC	Short Term	12.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Long Term Bank Facility	Long Term	7.10	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A3+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	28 Mar 2024	Not avl. / Not appl.	30 Jun 2029	0.10	Simple	ACUITE BBB Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	28 Mar 2024	Not avl. / Not appl.	30 Jun 2029	6.30	Simple	ACUITE BBB Stable Assigned

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About Acuité Ratings & Research

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