



Press Release
KLENZAIDS CONTAMINATION CONTROLS PRIVATE LIMITED
March 24, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	7.40	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	19.00	-	ACUITE A2+ Assigned
Bank Loan Ratings	22.60	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	49.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of 'ACUITE A-' (read as ACUITE A Minus) and its short term rating of 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 30.00 crore bank facilities of Klenzaids Contamination Controls Private Limited (KCCPL). The outlook is 'Stable'.

Further, Acuite has assigned its short term rating of 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 19.00 crore bank facilities of Klenzaids Contamination Controls Private Limited (KCCPL).

Rationale for reaffirmation

The rating reaffirmation reflects the company's experienced management, its established track record of operations, and long-standing relationships with its customers. Further, the rating derives comfort from the company's healthy financial risk profile marked by improving networth, low gearing and healthy debt protection metrics, which is expected to further improve in the near term due to the gradual repayment of existing debt obligations, as well as its adequate liquidity profile, supported by moderately utilized fund-based bank limits and healthy cash accruals. However, KCCPL's operating performance moderated in FY2024 albeit improvement expected in the near term. Further, the ratings remain constrained by susceptibility of profitability margins to raw material prices and foreign exchange fluctuation risk and intensive nature of working capital operations.

About the Company

Incorporated in 1978, Klenzaids Contamination Controls Private Limited (KCCPL) is a Mumbai based company engaged in the manufacturing of benchmark Aseptic, Bioclean and Containment equipment, which are elemental to plants established by the pharmaceutical, biological, life science, healthcare, electrical, space and defense industries. It also Designs & Builds turnkey labs & facilities for these industries, universities and public health establishments. The company is currently managed by Mr. Hamish Chandru Shahani (Managing Director) along with other directors which include Mr. Shreedhar Anehosur (Director and COO), Mr. H. Krishnamurthy (CFO) and Mr. Stephan Maerz (Director). The company is a joint venture member of Syntegon Technologies GmbH (formerly Robert Bosch Packaging Technology GmbH). As on 30th November 2023, Syntegon Technologies GmbH (formerly Robert Bosch Packaging Technology GmbH) increased its stake in KCCPL from 49 percent to 90 percent and subsequently, Hamish Properties LLP reduced its stake to 10 percent from 49 percent.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profile of KCCPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operation

KCCPL was established in 1978. The company is led by its Managing Director & CEO, Mr Hamish Shahani along with other directors which include Mr. Shreedhar Anehosur – Director and Chief Operating Officer and Mr. Stephan Maerz, representing Syntegon and also providing technical expertise. The company's long track record of operation of more than four decades has helped in developing and maintaining healthy relations with its customers like Amneal group, Bharat Biotech, Cipla, Cadila Healthcare, Dr. Reddy's Laboratories, Glenmark, Intas Pharmaceuticals, Sun Pharma, Sanofi & Serum Institute of India Ltd to name a few. It has also maintained a long-standing relationship with its vendors and suppliers.

Acuité believes that the company will continue to benefit from the management's experience and its association with reputed clients to sustain its business risk profile in the near to medium term.

Healthy financial risk profile

The financial risk profile of the company is healthy, marked by improving networth, low gearing ratios and healthy debt protection metrics. The net worth of the company stood at Rs. 74.27 Cr. as on March 31, 2024, as against Rs. 69.07 Cr. as on March 31, 2023. This reduction in net worth is attributed to a dividend payment of ~ Rs. 18.78 Cr. made to shareholders. The total debt of the company stood at Rs. 22.14 Cr. as on March 31, 2024, as against Rs. 14.71 Cr. as on March 31, 2023. The total debt of Rs. 22.14 Cr. as on March 31, 2024, consist of long-term debt of Rs. 1.27 Cr, short-term debt of Rs. 20.06 Cr. and maturing portion of long-term borrowings of Rs. 0.82 Cr. The gearing of the company stood low at 0.30 times as on March 31, 2024, as compared to 0.21 times as on March 31, 2023. The Debt- EBITDA of the company stood at 0.61 times as on March 31, 2024, as against 0.34 times as on March 31, 2023. The company has healthy debt protection metrics with Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) of 27.02 times and 16.52 times respectively in FY2024 as against 31.30 times and 23.96 times respectively in the previous year.

Acuité believes that the financial risk profile of the company is expected to remain at the similar level over the medium term.

Weaknesses

Moderation in operating performance in FY2024 albeit expected improvement in the near term

The company maintains a strong presence in both domestic and international market, with ~65% of its total revenue in FY2024 derived from international market. Its key export destinations include the USA, China, Germany, Thailand, Lebanon, Saudi Arabia, Malaysia, Vietnam, and Turkey. Domestically, the company operates in major metropolitan cities such as Mumbai, Pune, Delhi, Kolkata, Chennai and Hyderabad.

However, in FY2024, the company's operating income declined to Rs. 165.00 Cr. from Rs. 176.29 Cr. in FY2023. This reduction is due to client postponing their machine procurement in the month of march due to project delays. In 11MFY25, the company reported revenue (excluding GST) of ~Rs. 147 Cr. Further, the company holds an order book worth Rs. 179.42 Cr. as on November 30, 2024. The operating margin for FY2024 declined to 18.62%, from 24.30% in FY2023, primarily due to increase in employee cost and legal and professional fees. Further, the Profit After Tax (PAT) margin decreased to 14.51% in FY2024 compared to 16.59% in FY2023.

Going ahead, the ability of the company to sustain improvement in the operating income and profitability margins will remain a key monitorable.

Intensive nature of working capital operations

The working capital operations of the company are intensive in nature, with GCA extending to 315 days in FY2024 as against 255 days in FY2023. This increase is driven mainly by increase in Indirect tax balances with tax authorities of Rs. 6.20 Cr. in FY2024 as against Rs. 4.24 Cr. in FY2023. The inventory holding period extended to 61 days on 31st March 2024 as compared to 53 days on 31st March 2023. The debtor days increased and stood at 182 days in FY2024, compared to 167 days in FY2023. The creditor days stood at 113 days in FY2024, as against 88 days in FY2023. Further, the reliance on working capital limits remained moderate with average utilisation of fund-based limits at ~74.77% over the past six months ending Feb 2025.

Going forward, Acuite believes the working capital operations of the company will remain intensive due to the nature of the business of the company.

Margins susceptible to raw material and foreign exchange fluctuation risk

The company's major raw material being steel, its margins are susceptible to raw material price fluctuations. However, since the purchase of steel is spread over a period of time, the average pricing does help. Further, the company's exports accounted for ~65 per cent of its revenues for FY2024. The exports are mainly to countries like USA, China, Germany, Thailand, Lebanon, Saudi Arabia, Malaysia, Vietnam, Turkey, hence having an earning mix of Dollars and Euros. Due to these transactions, the company's margins are susceptible to foreign exchange fluctuation, though it gets covered by natural hedge.

Rating Sensitivities

- Sustained improvement in the operating revenue and profitability.
- Any significant elongation of the working capital cycle leading to deterioration in financial risk profile.

Liquidity Position

Adequate

The liquidity position of the company is adequate, marked by healthy net cash accruals against maturing debt obligations. It generated cash accruals of Rs. 25.42 Cr. in FY 2024 as against its maturing debt obligations of Rs. 0.27 Cr. during the same period.

Going forward, it is expected to generate healthy cash accruals against its nominal repayment obligations over the medium term. Cash and bank balances of the company stood at Rs. 34.35 Cr. as on March 31, 2024. The current ratio of the company stood at 1.79 times as on March 31, 2024. Further, the working capital management of the company is intensive in nature marked by Gross Current Assets (GCA) of 315 days as on 31st March 2024, however, the reliance on working capital limits remained moderate with average utilisation of fund-based limits at ~74.77% over the past six months ending Feb 2025.

Acuité believes that the liquidity of KCCPL is likely to remain adequate over the medium term on account of adequate cash accruals against its maturing debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	165.00	176.29
PAT	Rs. Cr.	23.94	29.25
PAT Margin	(%)	14.51	16.59
Total Debt/Tangible Net Worth	Times	0.30	0.21
PBDIT/Interest	Times	27.02	31.30

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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
27 Dec 2023	Cash Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.20	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.20	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A2+ (Reaffirmed)
	Derivative Exposure	Short Term	0.60	ACUITE A2+ (Reaffirmed)
30 Sep 2022	Cash Credit	Long Term	15.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Working Capital Term Loan	Long Term	2.45	ACUITE A- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.95	ACUITE A- Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Letter of Credit	Short Term	2.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Derivative Exposure	Short Term	0.60	ACUITE A2+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.60	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE A2+ Assigned
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	14 Mar 2024	Not avl. / Not appl.	30 Nov 2026	2.40	Simple	ACUITE A- Stable Reaffirmed

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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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