



Press Release
LYOPHILIZATION SYSTEMS INDIA PRIVATE LIMITED
February 24, 2025
Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.50	ACUITE BB+ Positive Assigned	-
Bank Loan Ratings	4.50	ACUITE BB+ Positive Upgraded	-
Bank Loan Ratings	19.50	-	ACUITE A4+ Assigned
Bank Loan Ratings	4.50	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	37.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) from ‘**ACUITE BB**’ (read as **ACUITE double B**) on the Rs.4.50 Cr. bank facilities and reaffirmed its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.4.50 crore bank facilities of Lyophilization Systems India Private Limited (LSIPL). The outlook is ‘**Positive**’.

Acuite has assigned its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) on the Rs.8.50 Cr. bank facilities and its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.19.50 crore bank facilities of Lyophilization Systems India Private Limited. The outlook is ‘**Positive**’.

Rationale for Rating

The rating upgrade and migration from 'Issuer non cooperating' considers LSIPL's moderate business risk profile along with its reputed clientele base that provides repeated orders. Further, the rating factors in the improvement in its overall operating performance marked by improved operating and net profitability levels in 9MFY2025 as compared to FY2024 levels. The rating also factors in LSIPL's healthy financial risk profile marked by moderate net worth, below unity gearing, healthy debt protection metrics and its adequate liquidity position. However, the rating is constrained by intensive nature of working capital operations and susceptibility to growth in pharmaceutical sector.

About the Company

Hyderabad-based, Lyophilization Systems India Private Limited (LSIPL) was incorporated in 2003 by Mr. Satya Prasad and Mr. Narendar. LSIPL is engaged in the manufacturing of lyophilizers and its spares. LSIPL also provides post installation services. The company mainly caters to pharma industry. LSIPL also exports to almost 30 countries.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at this rating, Acuité has considered the standalone business and financial risk profiles of Lyophilization Systems India Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced Management

Mr. Satya Prasad (Director) and Mr. Narendar (Director) have an experience of over three decades each in industrial machinery segment. The established track record of operations and experience of management have helped the company to develop healthy relationships with its clientele and suppliers.

The revenue of the company declined by ~17% to Rs.91.11 crore in FY2024 against Rs.110.06 crore in FY2023 and Rs.92.60 Cr. in FY2022. However, in 9MFY2025 the revenue improved to Rs.141.02 Cr. The revenue of the company is volatile as it also dependent on capex in the pharmaceutical industry to an extent. The operating profit margin of the company improved to 13.77 percent in FY2024 as compared to 7.36 percent in FY2023 and 11.67 percent in FY2022.

Acuité believes that LSIPL will sustain its existing business risk profile backed by established track record of operations and experienced management.

Healthy Financial Risk Profile

The financial risk profile of LSIPL is healthy marked by moderate net worth, below unity gearing, and healthy debt protection metrics. The tangible net worth of LSIPL stood at Rs.41.57 Cr. as on 31 March 2024 as against Rs.34.22 Cr. as on 31 March 2023 and Rs.29.97 Cr. as on 31 March 2022. The net worth has improved primarily on account of accretion of profits to reserves and is gradually expected to further improve over coming years. The gearing level of the company is below unity at 0.39 times as on 31 March 2024 as against 0.40 times as on 31 March 2023 and 0.42 times as on 31 March 2022. The total debt of the company stood at Rs.16.26 Cr. as on March 31, 2024, comprises of Rs.5.88 Cr. of long-term debt, Rs.8.50 Cr. of short-term debt, and Rs.1.87 Cr. of CPLTD. Interest Coverage Ratio (ICR) stood healthy at 8.48 times for FY2024 against 5.50 times for FY2023 and 17.38 times for FY2022. Debt Service Coverage Ratio (DSCR) stood at 3.05 times for FY2024 against 1.98 times for FY2023 and 10.40 times for FY2022. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 2.61 times as of March 31, 2024, as against 2.50 times as of March 31, 2023 and 3.59 times as of March 31, 2022. The Debt/EBITDA levels stood at 1.26 times as of March 31, 2024, as against 1.63 times as of March 31, 2023 and 1.12 times as of March 31, 2022.

Acuité believes that the financial risk profile of LSIPL will improve further in near term in absence of any debt funded capex.

Weaknesses

Working Capital Intensive Nature of Operations

LSIPL is having an intensive working capital management with Gross Current Asset (GCA) days of 463 days in FY2024, as against 270 days in FY2023 and 407 days in FY2022. The GCA days are high on account of high inventory days. The inventory days stood at 379 days in FY2024 when compared against 195 days in FY2023 and 198 days in FY2022. The debtor days stood at 87 days in FY2024 as compared against 66 days in FY2023 and 77 days in FY2022. The creditor days stood at 199 days in FY2024 as against 68 days in FY2023 and 93 days in FY2022. However, the average utilization of the bank limits of the company for fund-based limits stood moderate at ~31.55% and for non-fund based limits it stood low at ~3.73% for the last 06 months ending September 2024.

Acuité believes that the working capital operations of the company will remain at similar levels due to nature of the business.

Rating Sensitivities

- Improvement in the scale of operations along with improvement in the profitability margins.
- Further elongations in the working capital cycle.

Liquidity Position Adequate

LSIPL has an adequate liquidity position marked by the moderate reliance of the company on working capital limits. The bank limit utilization of the company for fund-based limits stood moderate at ~31.55% and for non-fund based limits it stood low at ~3.73% for the last 06 months ending September 2024. LSIPL generated sufficient net cash accruals of Rs.8.75 Cr. in FY2024 against maturing debt obligation of Rs.1.85 Cr. during the same period. LSIPL maintained unencumbered cash and bank balances of Rs.0.10 Cr. as on March 31, 2024. The

current ratio stood at 1.22 times as on March 31, 2024.

Going ahead, the liquidity position of the company is expected to improve in the near future on account of expected improvement in accruals against nominal repayment obligations and moderate reliance on working capital limits.

Outlook: Positive

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	91.11	110.06
PAT	Rs. Cr.	7.34	4.25
PAT Margin	(%)	8.05	3.86
Total Debt/Tangible Net Worth	Times	0.39	0.40
PBDIT/Interest	Times	8.48	5.50

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
16 Sep 2024	Bank Guarantee/Letter of Guarantee	Short Term	4.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	3.50	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
19 Jun 2023	Bank Guarantee/Letter of Guarantee	Short Term	4.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	3.50	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
01 Apr 2022	Bank Guarantee/Letter of Guarantee	Short Term	4.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	3.50	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.50	Simple	ACUITE A4+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE A4+ Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BB+ Positive Upgraded (from ACUITE BB)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+ Positive Assigned
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB+ Positive Upgraded (from ACUITE BB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.50	Simple	ACUITE BB+ Positive Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Sanidhya Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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