



Press Release
AZISTA INDUSTRIES PRIVATE LIMITED
September 24, 2025
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	39.97	ACUITE BBB- Stable Downgraded	-
Bank Loan Ratings	25.00	-	ACUITE A3 Downgraded
Total Outstanding Quantum (Rs. Cr)	64.97	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to **ACUITE BBB-** (read as **ACUITE triple B minus**) from **'ACUITE BBB'** (read as **ACUITE triple Ba**) and short-term rating to **ACUITE A3** (read as **ACUITE A three**) from **'ACUITE A3+'** (read as **ACUITE A three plus**) on the Rs.64.97 crore of bank facility of Azista Industries Private Limited (AIPL). The outlook is **'Stable'**.

Rationale for rating downgrade

The rating downgrade reflects the decline in profitability margins, despite a partial recovery in operating revenue which remained highly volatile in past years. The rating also factors in the company's highly intensive working capital operations and the tender-based nature of business, particularly in the aerospace and dehydrated fruits & vegetables segments. However, the rating continues to draw comfort from the extensive experience of the promoters and the company's above-average financial risk profile.

About the Company

Incorporated in 2014, Azista Industries Private Limited (AIPL) is a Hyderabad based company, which is engaged in manufacturing of dehydrated vegetables and fruits. In addition to this, AIPL manufactures mints, medicinal biscuits, nano technology-based pain relievers through loan licensing manufacturing model. Further in 2018, AIPL had ventured into the business of aerospace engineering, which began its commercial operations from March, 2020. Currently, the company is headed by the founder promoter Mr. M. Srinivas Reddy, Mr. Bose Numburi and Mr. Ravi Chandra Reddy Vakka. The company has an installed capacity of 900 TPA for dehydrated vegetables and fruits at Chittoor in Andhra Pradesh. The facility for aerospace engineering is located at Ahmedabad, Gujarat.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of AIPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The key promoter of AIPL, Mr. M. Srinivas Reddy has been associated with the pharmaceutical industry for around

two decades. He is also the common director in the group company - Hetero Healthcare Limited (HHL), which is the flagship entity of the Hetero Group. Acuité believes the long experience of the promoter will continue to support the business, going forward.

Above-average financial risk profile

AIPL's financial risk profile is above-average with moderate tangible net-worth, low gearing levels and comfortable debt protection metrics. The tangible net worth of the company stood at Rs.91.76 Cr as on March 31 2025 (Prov.) as against Rs.111.47 Cr as on March 31 2024. The decline in the tangible net-worth is due to increase in capitalisation of R&D expenditure classified under intangibles. AIPL's gearing stood at 0.38 times as of March 31, 2025 (Prov.) as against 0.36 times on March 31, 2024. The total debt of the company stood at Rs.35.31 crores which includes short term debt of Rs.27.70 crores and Rs.7.61 crores of USL from directors and promoters. The total outside liabilities to tangible net worth (TOL/TNW) stood at 2.08 times as on March 31, 2025 (Prov.) as against 1.12 times as on March 31, 2024. The Debt/EBITDA of the company stood at 2.77 times as on March 31, 2025 (Prov.) as against 4.52 times as on March 31, 2024. The comfortable debt protection metrics of the company are marked by an Interest Coverage Ratio (ICR) of 25.62 times and a debt service coverage ratio (DSCR) of 22.85 times as on March 31, 2025 (Prov.). NCA/TD stood moderate at 0.31 times in FY2025 (Prov.). Acuité believes that the financial risk profile of the company will remain above -average in absence of any major debt funded capex plan in near to medium terms.

Weaknesses

Decline in profitability margins despite revenue recovery

The company's operating revenue showed a partial recovery to Rs. 119.25 Cr in FY2025 (Prov.) from Rs.69.80 Cr in FY2024, though still below the peak of Rs. 161.72 Cr in FY2023. The decline in FY2024 was mainly due to reduced performance in the Pharma and Aerospace segments. In the Aerospace division, a Rs.72 Cr work order faced delays in revenue recognition due to pending NOC from the Ministry of Defence, with only Rs.14.00 Cr booked in Q1 FY26 and the balance expected in upcoming quarters. Despite the revenue rebound, profitability has declined with operating margin declined to 10.55 per cent in FY2025 (Prov.) from 12.49 per cent in FY2024, and PAT margin of the company declined to 3.19 per cent in FY2025 (Prov.) from 3.71 per cent in FY2024. The decline in profitability is mainly attributed to change in revenue mix wherein the share of Pharma division is 37.5 per cent, Aerospace division is 41.67 per cent and Dehydrated foods is 20.83 per cent for FY2025 (Prov.). The company has moderate order book of Rs.96.29 Cr (including WIP) but sustaining margin levels amid regulatory delays and segmental volatility remains a key concern.

Working Capital Intensive Operations

The working capital operations of the company remained highly intensive marked by high gross current assets (GCA) of 501 days in FY2025 (Prov.) as compared to 649 days in FY2024. The stretch in GCA days is due to increase in the debtor days and other current assets. The debtor days stood at 242 days as on March 31, 2025 (Prov.) as against 221 days as on March 31, 2024, with debtors of Rs.39.47 Cr outstanding for over 120 days i.e., around 61 per cent of the total debtors as on 30 June 2025. The Inventory days stood at 256 days as on March 31, 2025 (Prov.) as against 427 days as on March 31, 2024. The creditors days stood at 442 days as on March 31, 2025 (Prov.) as against 394 days as on March 31, 2024. The working capital requirement is also supported by Bank limits. The fund-based limits of the company stood high at 96 percent and non-fund based stood at 67 percent for 6 months ended August 2025. Acuite expects that working capital operations of the company would remain highly intensive in near to medium terms.

Susceptibility of operations to tender-based orders

AIPL majorly executes tender based orders from government authorities in its aerospace engineering division, which is the highly profitable segment of the company. Since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Risk becomes more pronounced as tendering is based on too many technicalities. AIPL's revenue and profitability are susceptible to risks inherent in tender based operations. However, this risk is mitigated to an extent on account of extensive experience of the management and a healthy order book in hand which is expected to be executed over the medium to long term period.

Rating Sensitivities

- Significant and sustainable improvement in profitability margins and scale of operations while maintaining the capital structure.
- Any reduction in order flow for aerospace division.
- Any further change in the working capital operations or financial risk profile.

Liquidity Position Adequate

The company's liquidity position is adequate with net cash accruals of Rs.10.88 Cr as against to its nil current maturities of long- term debt. Further, the net cash accruals are expected to be in the range of Rs.12-15 crores during FY2026-2027 as against to the nil current maturities for the same period. The cash and balances of the company stood at Rs.0.70 Cr as on March 31, 2025 (Prov.). The current ratio stood at 1.43 times as of March 31, 2025 (Prov.), as compared to 1.41 times as of March 31, 2024. The fund-based limit remains utilised at 96 percent and non-fund based stood at 67 per cent over the six months ended August 2025. Acuite derives comfort from the healthy internal cash accruals, through which capex is being funded. Going forward, Acuite believes the liquidity position will remain adequate sustained by the high cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	119.25	69.80
PAT	Rs. Cr.	3.80	2.59
PAT Margin	(%)	3.19	3.71
Total Debt/Tangible Net Worth	Times	0.38	0.36
PBDIT/Interest	Times	25.62	41.26

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
26 Jun 2024	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3+ (Downgraded from ACUITE A2)
	Working Capital Demand Loan (WCDL)	Long Term	24.97	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	15.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
29 Mar 2023	Bank Guarantee (BLR)	Short Term	7.93	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.07	ACUITE A2 (Assigned)
	Proposed Bank Guarantee	Short Term	14.97	ACUITE A2 (Assigned)
	Cash Credit	Long Term	6.50	ACUITE BBB+ Stable (Assigned)
	Proposed Cash Credit	Long Term	7.50	ACUITE BBB+ Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	25.00	ACUITE BBB+ Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB+ Stable (Reaffirmed)
25 Jan 2022	Bank Guarantee (BLR)	Short Term	7.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	0.93	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
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.97	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)

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About Acuité Ratings & Research

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