

December 11, 2024

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

The National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Scrip Code: **544184**

Trading Symbol: **BOROSCI**

Dear Sir(s),

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Care Ratings Limited (“**CARE**”), a credit rating agency, vide its communication dated December 10, 2024 has assigned the following ratings to the long term and short term bank facilities availed by the Company:

Facilities	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	2.10	CARE A+; Stable	Assigned
Long Term / Short Term Bank Facilities	97.90	CARE A+; Stable / CARE A1+	Assigned

The credit rating letter received along with rationale from CARE is attached as an Annexure.

The credit rating letter was received by the Company on December 10, 2024 at around 4:30 p.m. (IST).

We request you to kindly take the same on records.

For **Borosil Scientific Limited**

Sanjay Gupta
Company Secretary & Compliance Officer
ICSI Membership No.: A24641

No. CARE/ARO/RL/2024-25/6467

Mr. Dhaval Patel
AVP- Finance
Borosil Scientific Limited
1101, 11th Floor, Crescenzo, G-Block, Plot No C-38,
Opp. MCA Club, Bandra Kurla Complex,
Maharashtra, India, 400051



December 10, 2024

Confidential

Dear Sir,

Credit rating for bank facilities

Please refer to your request for rating the bank facilities of your Company

2. The following ratings have been assigned by our Rating Committee:

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2.10	CARE A+; Stable	Assigned
Long Term / Short Term Bank Facilities	97.90	CARE A+; Stable / CARE A1+	Assigned

3. Refer **Annexure 1** for details of rated facilities.
4. The above rating is normally valid for a period of one year from the date of our initial communication of rating to you (that is November 19, 2024).
5. The rationale for the rating will be communicated to you separately.
6. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

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Satellite, Ahmedabad - 380015
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Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

7. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Our ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
10. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
11. CARE Ratings Ltd. ratings are **not** recommendations to sanction, renew, disburse or recall any bank facilities.
12. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd..

Thanking you,

Yours faithfully,



Dhruv Shah
Assistant Director
dhruv.shah@careedge.in



Akshay Dilipbhai Morbiya
Assistant Director
akshay.morbiya@careedge.in

Encl.: As above

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Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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Annexure 1

Details of Rated Facilities

1. Long Term Facilities

1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Comments
1.	Kotak Mahindra Bank Ltd.	2.10	Repayment in equal monthly instalments ending in March 2026.
	Total	2.10	

Total Long-Term Facilities: Rs.2.10 crore

2. Long Term / Short Term Facilities

2.A. Fund Based / Non-Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Comments
1.	Kotak Mahindra Bank Ltd.	10.00	Cash Credit. Working capital demand loan and buyers' credit as sublimit.
2.	Proposed	87.90	-
	Total	97.90	

Total Long Term / Short Term Facilities: Rs.97.90 crore

Total Facilities (1.A+2.A) : Rs.100.00 crore



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Press Release Borosil Scientific Limited

December 11, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2.10	CARE A+; Stable	Assigned
Long Term / Short Term Bank Facilities	97.90	CARE A+; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Borosil Scientific Limited (BSL) derive strength from its leading market position in the domestic laboratory glassware industry, strong brand recognition of 'Borosil' and vast experience of its promoters. BSL also benefits from its diversified operations, wide distribution network, and stable demand scenario for end-user industries due to growing demand from pharmaceutical and medical research segments. Ratings favourably factor growth in total Operating Income (TOI) and profitability in H1FY25 (FY refers to April 01 to March 31) over H1FY24. There is an expected improvement in revenue, profitability and return ratios in FY25 and FY26 over FY24. Ratings also factor BSL's strong financial risk profile marked by low leverage, comfortable debt coverage indicators, and strong liquidity.

However, ratings are tempered by modest scale of operations and sub-optimal performance of some of its businesses resulting into moderation in profitability margin, working capital intensive operations and profitability margin vulnerable to raw-material price volatility and foreign exchange rate fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing scale of operations with sustained improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of over 20%, while maintaining comfortable debt coverage indicators.

Negative factors

- Significant decline in its scale of operations or decline in PBILDT margin below 12% on a sustained basis.
- Large-size debt-funded capex or elongating working capital cycle leading to net debt/PBILDT of over 1x.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has considered BSL's consolidated financials with its only subsidiary, Goel Scientific Glass Works Limited (GSGWL). GSGWL is engaged in a similar line of business and has material financial and managerial linkages with BSL. CARE Ratings has suitably factored operational and managerial linkages with Borosil group to arrive at ratings of BSL. Subsidiaries whose financials have been consolidated in BSL are listed under **Annexure-6**.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that BSL shall maintain its operational performance backed by an established track record and leading market position in the domestic laboratory glassware industry. Stable outlook also reflects sustenance of its healthy cash accruals, debt coverage indicators, and capital structure.

Detailed description of key rating drivers:

Key strengths

Established brand and leading market position in the domestic laboratory glassware industry

BSL is part of the Borosil group, which has experience of over five decades in manufacturing different kinds of glass products. Promoters, the Kheruka family has over 50 years of experience in the laboratory glassware industry and other glass related products. The company is managed by experienced and professional management with oversight of a competent board.

BSL is a market leader in the domestic laboratory glassware industry with a market share of over 65%; as per the company management and a strong brand ("Borosil") recognition among its consumers. Due to nature of the industry; the product, strong brand recognition and consistent adherence to quality ensures customers stickiness.

Diversified operations and wide marketing and distribution network

BSL has a presence in four business segments of laboratory and pharma packaging products i) laboratory glassware, ii) laboratory instruments iii) laboratory process equipment and iv) pharmaceutical packaging, (glass) apart from undertaking contract manufacturing work for one of its group companies Borosil Limited (BL). BSL has a portfolio of over 4,000 products across business segments, four warehouses across India and over 150 distributors. It has a diversified customers and product profile with top 10 customers and top 10 products contributing ~30% and 7% of its TOI respectively in FY24. Pharmaceuticals

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

and life science companies are biggest end-users of BSL's product driving over 60% of its TOI in FY24, followed by research institutes, schools and universities. Laboratory glassware is BSL's oldest and biggest business segment. However, the company has made consistent efforts to reduce its dependence on the single business segment through organic and inorganic expansion. Share of laboratory glassware segment has gradually reduced to 50% of BSL's TOI in FY24 compared to 70% of BL's scientific segmental revenue in FY20 (BSL's businesses were part of BL prior to group restructuring in FY23).

Growth in revenue and profitability in H1FY25 which is expected to grow further in the medium term

In H1FY25, BSL achieved TOI of ₹207 crore (PY: ₹180 crore) with PBILDT margin of 12.22% (PY: 8.46%) registering a revenue and profitability growth of over 15% and 67% respectively in the period. Growth in its TOI was mainly driven by strong demand of its laboratory related products. Laboratory glassware is a saturated market, where BSL already has dominant market share. Revenue growth from this segment is expected to remain modest and will be driven by growth of its major end-user industries (pharmaceuticals, research institutes, educational institutions, chemical, and food processing, among others). However, in laboratory instruments and laboratory process equipment segments, BSL is relatively new entrant with single digit market share, and it competes with imported products. These segments hold good growth potential for BSL, as it already has a customer base. CARE Ratings expects BSL's TOI to grow ~15% in FY25 and ~10-12% in the medium term.

Growth in its operating profitability in H1FY25 was mainly considering better product mix, economies of scale and improvement in the performance of its laboratory process equipment business segment. Historically, second half of the financial year has remained operationally better for the company compared to the first half of the financial year. CARE Ratings expects BSL's PBILDT margin to improve and remain in range of 15-17% in the near-to-medium term. CARE Ratings also expect BSL's return on capital employed (ROCE) to improve 18% by FY26.

Low leverage and comfortable debt coverage indicators

BSL has strong financial risk profile marked by low leverage and comfortable debt coverage indicators. Its overall gearing remained low at 0.06x as on March 31, 2024. BSL's total debt/PBILDT and interest coverage ratio remained at 0.38x and 19.14x respectively in FY24. BSL's operations are not capex intensive, and it does not have major capex plans for the next 2-3 years. BSL's funds majority working capital needs through internal accruals. CARE Ratings envisages BSL's total debt/PBILDT to remain below 0.2x and interest coverage ratio to remain above 20x in the near-to-medium term backed by low reliance on external borrowing and healthy cash accruals.

Stable industry outlook

The Indian laboratory glassware market is estimated to be ~₹300 crore. Despite being a relatively small part of the global laboratory consumables market, the Indian market is growing rapidly due to increased investments in research and development, particularly in pharmaceutical and biotechnology sectors, technological advancements, and a burgeoning healthcare infrastructure. Introduction of new quality standards for lab glassware by the Bureau of Indian Standards (BIS) on July 01, 2024, is expected to create opportunities for growth in testing and certification services, and development of innovative lab consumables that meet new standards. The domestic demand for quality laboratory instruments and process equipment is mainly met through imports as there is no major branded player operating in the segment. Opportunities exist for domestic players to capture this large market as domestic players have several competitive advantages such as lower cost, better customer support, lower lead time, among others compared to imported goods.

Liquidity: Strong

BSL's liquidity remains strong marked by healthy cash-flow from operations, modest average utilisation of its fund based working capital limits at ~54% in the last 12 months ended September 2024 and envisaged healthy cash accruals. It has modest annual term-debt repayment obligation of ~₹2-3 crore from FY25-FY27. It does not envisage large size capex in the near-to-medium term. Its expected cash accruals of ~₹60-70 crore p.a. in the near-to-medium term, which will be adequate to meet its term-debt repayment obligation, capex and working capital requirement. BSL has cash equivalents and liquid investments of ~₹12 crore as on September 30, 2024. It stands to receive ₹98 crore from its erstwhile parent BL by December 2024 (arising from group restructuring), which will provide additional cushion in case of exigency.

Key weaknesses

Modest scale of operations and moderation in profitability in FY24 due to sub-optimal performance of some of business

Due to small market size of its core laboratory glassware segment, BSL's overall scale of operations marked by TOI remains modest at ₹397 crore in FY24. Although, BSL entered other related business segments, it remains small due to nascent stage of operations. Despite having existing customer base, products of recently added segments may take time to gain trust of the consumer and overall market acceptability.

BSL entered laboratory process equipment segment in FY24 by acquiring GSGWL. It incurred operating losses in FY24. BSL's pharma packaging business segment also faced headwinds considering industry overcapacity post COVID-19. This has adversely impacted BSL's PBILDT margin in FY24. However, GSGWL has already achieved PBILDT breakeven in H1FY25 and expected to maintain in FY25. BSL is consolidating its business activities at pharma packaging business segment, which is expected to result in annual saving of ~ ₹5-6 crore from FY26. Pharma packaging business is also expected to achieve PBILDT breakeven in H2FY25.

Working capital intensive operations

BSL imports over 50% of its raw material requirement. Hence, it maintains inventory of 3-4 months due to lead time associated with imports. Its product portfolio has 4000+ SKUs and it operates four warehouses across India to make its product available to the customer at the earliest. This also leads to higher finished goods inventory period. BSL extends credit period of 30-60 days to its distributors. Working capital cycle stood at 122 days in FY24 and is expected to remain at ~120 days in the near-to-medium term.

Operating margin vulnerable to raw material price volatility and foreign exchange rate fluctuations

Glass tubes is a major raw material for BSL. Sharp increase in raw material prices may adversely impact its profitability. As discussed with the management, the global glass tube market is very competitive and has surplus capacity, which ensures competitive pricing for BSL's raw material. BSL imports over 50% of its raw material from countries such as Germany, China, and Thailand, among others. BSL also earns ~15% of its total revenue from export markets, which provides it nature hedge cover to a certain extent. At present, BSL does not have a formal hedging policy. Hence, sudden adverse fluctuation in foreign exchange rate might adversely affect its profitability.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Notching by Factoring Linkages in Ratings](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

BSL is part of Borosil group, which was promoted by Kheruka Family. BSL is engaged in manufacturing and selling laboratory glassware (consumables), pharmaceutical packaging products, laboratory instruments and laboratory process products. BSL sells laboratory glassware under brand the 'Borosil' and laboratory instruments under the brand "Labquest".

BL had two businesses: consumer glassware and laboratory glassware till 2015. It entered the pharma packaging business in 2016 by acquiring Klasspack Private Limited (KPPL). The group entered the laboratory instrument business (presently dominated by imports) by setting up greenfield manufacturing facility near Pune. Laboratory instruments and laboratory glassware businesses were transferred from BL to KPPL. Subsequently KPPL was renamed BSL and demerged from BL. In FY24, BSL acquired Goel scientific glasswork Limited (GSGWL), Vadodara in FY24 to enter laboratory process products. BSL was listed on stock exchanges on June 2024.

Brief Financials (₹ crore)	March 31, 2023 (A) (Standalone)	March 31, 2024 (A) (Consolidated)	H1FY24 (UA) (Consolidated)
Total operating income	327	397	207
PBILDT	52	47	25
PAT	30	23	14
Overall gearing (times)	0.04	0.06	NA
Interest coverage (times)	95.64	19.14	33.69

A: Audited; UA: Un-audited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2026	2.10	CARE A+; Stable
Fund-based/non-fund-based-LT/ST		-	-	-	3.00	CARE A+; Stable / CARE A1+
Fund-based/non-fund-based-LT/ST		-	-	-	94.90	CARE A+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	2.10	CARE A+; Stable				
2	Fund-based/non-fund-based-LT/ST	LT/ST	3.00	CARE A+; Stable / CARE A1+				
3	Fund-based/non-fund-based-LT/ST	LT/ST	94.90	CARE A+; Stable / CARE A1+				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated as on March 31, 2024

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Goel Scientific Glass Works Limited	Full consolidation	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact Us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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