

Lincoln Pharmaceuticals Ltd — 09 Jan 2026 Credit Rating Summary

As an equity-focused credit analyst, here is the summary of the Lincoln Pharmaceuticals rating report.

Section	Details
Agency	CRISIL Ratings
Rating Action	Reaffirmed at A / Stable / A1 (No change in notches)
Outlook	Stable (Current) vs Stable (Previous)
Key Drivers of Change	Zero-Debt Status: Reported nil debt as of March 31, 2025; massive head-room for expansion. Extreme Interest Cover: 91.01x coverage ratio in FY25, indicating negligible credit risk. Export Moat: 60–65% of revenue from exports across 1,700+ registered products, providing a currency hedge. Moderate Growth: 10% CAGR over 5 years; expected to grow 7–8% per annum over medium term.
Rated Instruments	• Export Packing Credit: ₹51.00 Cr (A1) • Proposed Fund Based Limits: ₹25.00 Cr (A/Stable) • Cash Credit: ₹16.00 Cr (A/Stable) • LC / Bank Guarantees: ₹10.00 Cr (A1)
Key Observations	• Strength: Robust Net Worth of ₹671 Cr (FY25) driven by high profit accretion. • Strength: High liquidity with only 4–5% average bank limit utilization. • Strength: Extensive promoter experience (>30 years) in formulations. • Concern: Working Capital intensive; GCA days high at 245–250 days. • Concern: Receivable cycle is stretched (100–105 days), impacting cash conversion. • Concern: Sizeable loans/advances of ₹90.5 Cr to affiliates/individuals (as of Mar-24). • Risk: Susceptibility to regulatory changes and pricing norms in export markets.
Investor Impact	• Growth: Steady but not aggressive (7-8%); rating upside requires 20% CAGR. • Margins: Healthy, but downward rating pressure if margins dip below 13%. • Leverage: "Fortress balance sheet" (Zero Debt) reduces insolvency risk to near-zero. • Dilution Risk: Minimal; internal accruals and cash surplus (₹22.4 Cr) cover all needs.
Agency Analysis	Same Agency: Ratings maintained since 2023. Financial risk profile has technically improved (Debt-free in FY25 vs low debt earlier), but the rating is capped at 'A' due to the working capital cycle and capital allocation (loans to affiliates). Conclusion: Improvement in financial solvency, but Stagnant on business efficiency metrics.
Final Inference	Strong Cash Cow with Capital Allocation Leaks. While the zero-debt status and 91x coverage make it a "safe" bet, equity upside is constrained by a "lazy" balance sheet (loans to affiliates) and a slow-moving working capital cycle.