Albert David Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	51.50 (Enhanced from 10.50)	CARE A; Negative	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	13.00 (Enhanced from 8.00)	CARE A; Negative / CARE A1	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Albert David Limited (ADL) continue to derive strength from its experienced promoters with presence in diversified business segments, established market position in placenta-based drugs, strong distribution network, and diversified clientele base. Ratings also take cognisance of moderation in the company's financial performance in FY25 attributed to muted sales in the year and significant decline in profitability margins. This decline is driven by increased employee expenses and higher sales and distribution costs aimed at expanding the company's market reach and better penetration of the products. Ratings take comfort from comfortable capital structure with nil term debt and strong liquidity position. However, ratings are constrained by moderate scale of operations, product concentration risk, foreign exchange fluctuation risk, and exposure to regulatory risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing total operating income (TOI) beyond ₹500 crore and sustained improvement in its profitability margins marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 15% on a sustained basis.

Negative factors

- Reducing liquidity below ₹100 crore on a sustained basis.
- Net debt to Gross cash accruals above 0.25x on a sustained basis.
- Un-envisaged debt-funded capital expenditure deteriorating its overall gearing ratio beyond 0.20x.

Analytical approach: Standalone

Outlook: Negative

The 'negative' outlook reflects anticipated continuation of the company's subdued financial performance, marked by lower operating margins, in upcoming quarters, which could result in a deterioration of its financial risk profile. The outlook may be revised to 'stable' if ADL successfully turns around its operations to achieve the desired scale and profitability.

Detailed description of key rating drivers:

Key strengths

Experienced promoters having experience in diversified businesses

The G.D. Kothari group has diversified business interest in tea, textiles, pharmaceuticals, chemicals, engineering products, property, among others. A. K. Kothari, Chairman, is the son of Late G.D. Kothari, the group's founder. He and Umesh Kunte, Chief Executive Officer and Managing Director, manage the company's day-to-day affairs. The company is managed by experienced and qualified professionals, who have relevant experience in the industry.

Established market position in placenta-based drugs despite product concentration risk

The main brand of ADL, Placentrex contributed 20% of its revenue in FY25 (PY: 20%). The company's placental based formulation, Placentrex, is the only human placenta-based product in India developed through indigenous research. The company is the market leader in this segment and has a process patent over Placentrex, which mitigates competition risk. ADL is the authorised supplier of SSG to WHO, which is utilised for treatment of Kala-azar in African countries.

However, ADL deals in products where top five products contributed 30% and 41% of total sales in FY25 and FY24 respectively, leading to product concentration risk.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strong distribution network

The company has a strong presence in the market with a strong distribution network. The number of stockists under carrying and forwarding agent (CFA) pan-India stood high at 2,338 as on March 31, 2025, against 2,427 as on March 31, 2024. The company has established marketing offices across cities including Mumbai, Kolkata, Lucknow, and Patna with a strong presence in the eastern and northern parts of the country. The company has taken several measures to improve its sales in FY25 including increasing the sales force to enhance the market penetration, increased spending on marketing and distribution to establish a presence in southern and western parts of India among others.

Diversified clientele base

ADL has a diversified client base with no single customer contributing over 5% of net sales. Customers are major pharmaceuticals distributors in India with whom the company has long-standing relations. Revenue from top five clients stood at 17% in FY25 against 18% in FY24.

Comfortable capital structure

The company's capital structure remains comfortable with overall gearing at 0.03x as on March 31, 2025 (PY: 0.01x as on March 31, 2024). The company has not availed term loans in the last five years. With no major debt funded capex planned in the near future, the capital structure is expected to remain comfortable.

Key weaknesses

Moderation in financial performance in FY25

The scale of operations marked by TOI stood at ₹345.77 crore in FY25 witnessing y-o-y decline of ~5% owing to muted sales in Q3 and Q4 of the year. PBILDT margins experienced a significant decline, dropping to 1.17% in FY25 from 13.12% in FY24. This reduction was primarily driven by increased employee expenses and higher sales and distribution costs incurred to expand market reach. ADL increased its marketing and distribution expenditures to establish a presence in southern and western parts of India. Despite these strategic investments, immediate returns were not realised, resulting in lower profitability for the year.
ADL has reported profit after taxation (PAT) of ₹17.20 crore in FY25 against PAT of ₹75.42 crore in FY24.

Foreign exchange fluctuation risk

The company imports raw materials, lactose, and amino acids, among others, from European countries and do not hedge its exposure. As the company also exports, forex risk is mitigated, as there was natural hedging through netting off imports and exports. However, with declining exports from FY25 onwards, forex risk is likely to increase going forward unless hedged by the company.

Exposure to regulatory risk

The pharmaceutical industry is highly regulated and requires approvals, licenses, registrations and permissions for business activities. The approval process for a new product registration is complex, lengthy and expensive. The time taken to obtain approval varies from across countries but generally takes from six months to several years from the date of application. CARE Ratings Limited (CareEdge Limited) notes that delays or failures in getting approval for new product launch could adversely affect the company's business prospects.

Liquidity: Strong

Liquidity is marked by comfortable current ratio of 2.31x as on March 31, 2025, low working capital utilisation and healthy investment portfolio. In FY25, ADL generated cash accruals of ₹7.36 crore against nil debt repayment obligations in the year. ADL has liquid investments in the form of cash and bank balances amounting to ₹1.45 crore, fixed deposits in banks amounting to ₹36.80 crore and liquid investments in mutual funds and bonds of ₹242.21 crore as on March 31, 2025. The average working capital utilisation levels stood at 16% for 12-months ended April 2025.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies

Pharmaceuticals
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & biotechnology	Pharmaceuticals

Incorporated in 1938, ADL was acquired by the Kolkata-based Kothari Group in 1965. The company set up its first manufacturing facility in Kolkata to manufacture pharmaceutical formulations as drugs, tablets and syrups. In 1981, it set up a manufacturing unit in Ghaziabad, Uttar Pradesh, to manufacture intravenous fluids in glass bottles and in polyethylene bottles based on form-fill-seal technology. Gradually, the company installed capacity to manufacture capsules, ointments and ophthalmological products in its Ghaziabad unit. The company's manufacturing facilities are in Kolkata (West Bengal) and Ghaziabad (Uttar Pradesh). The company's manufacturing facilities are GMP-certified by national agencies. The company offers a wide range of formulations under its brands in the domestic market. Its placental-based formulation, Placentrex, is the only human placenta-based product in India developed through indigenous research. It has emerged as the market leader in this segment and has a process patent on Placentrex.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	362.46	345.77
PBILDT	47.55	4.04
PAT	75.42	17.20
Overall gearing (times)	0.01	0.03
Interest coverage (times)	110.10	7.39

A: Audited, Ab: Abridged, 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-Cash Credit		-	-	-	48.00	CARE A; Negative
Non-fund-based - LT-Forward contract/derivative limit		-	-	-	3.50	CARE A; Negative
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	10.00	CARE A; Negative / CARE A1
Non-fund-based - LT/ ST-Letter of credit		-	-	-	3.00	CARE A; Negative / 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 2025-2026	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
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	10.00	CARE A; Negative / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-24)	1)CARE A; Stable / CARE A1 (06-Sep-23)	1)CARE A; Stable / CARE A1 (30-Mar-23)
2	Fund-based - LT-Cash Credit	LT	48.00	CARE A; Negative	-	1)CARE A; Stable (04-Jul-24)	1)CARE A; Stable (06-Sep-23)	1)CARE A; Stable (30-Mar-23)
3	Non-fund-based - LT/ ST-Letter of credit	LT/ST	3.00	CARE A; Negative / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-24)	1)CARE A; Stable / CARE A1 (06-Sep-23)	1)CARE A; Stable / CARE A1 (30-Mar-23)
4	Non-fund-based - LT-Forward contract/derivative limit	LT	3.50	CARE A; Negative	-	1)CARE A; Stable (04-Jul-24)	1)CARE A; Stable (06-Sep-23)	1)CARE A; Stable (30-Mar-23)

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

Annexure-3: Detailed explanation of covenants of rated instrument/facilities- Not applicable

Annexure 4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT-Forward contract/derivative limit	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - LT/ ST-Letter of credit	Simple

Annexure 5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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.

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About us:

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