

Macleods Pharmaceuticals Limited

August 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	112.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Macleods Pharmaceuticals Limited (MPL) continues to derive strength from its strong position in the domestic formulations market supported by diversified product portfolio spanning multiple therapeutic segments, and strong presence in anti-infective therapies. The rating is further strengthened by the company's wide marketing and distribution network supported by large team of medical representatives (MRs), steady growth prospects for the Indian pharmaceutical industry and its expanding presence in the overseas markets. Rating also takes cognisance of MPL's healthy capital base and absence of external borrowing leading to comfortable leverage, debt coverage indicators and strong liquidity.

However, long-term rating is constrained, as profitability is susceptible to foreign exchange rate fluctuation, exposure to inherent legal and regulatory risk associated with the pharmaceutical industry. The rating also takes note of MPL's high share of competitive acute therapies in domestic formulation sales, which is witnessing slower growth compared to overall Indian Pharmaceutical Market (IPM).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in its scale of operations and greater revenue diversification across geographies and therapeutic segments, resulting in strong business risk profile.

Negative factors

- Increasing net debt to profit before interest, lease rentals, depreciation, and taxes (PBILDT) to over 1.00x on a sustained basis.
- Large-size debt-funded acquisition/capex, having significant adverse impact on its leverage and debt coverage indicators.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of MPL including all its subsidiaries, as these are an extension of MPL's distribution network and manufacturing operations. Entities whose financials have been consolidated with MPL are listed under **Annexure 6**.

Outlook: Stable

CareEdge Ratings believes that MPL shall continue benefiting from its established and strong position in the domestic formulation market supported by its strong product portfolio. MPL's healthy cash generation, absence of major debt funded capex plan, and its strong liquidity shall ensure a comfortable credit risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Long and established operations with geographically diversified revenue profile

MPL has a track record of ~35 years in the pharmaceutical industry. It has nine manufacturing facilities spread across India of which, five manufacturing facilities are approved by the United States Food and Drug Administration (USFDA) and three manufacturing facilities are approved by the Medicines and Healthcare products Regulatory Agency (MHRA).

MPL has presence in the domestic market and some of the most regulated pharma markets including the United States of America (USA) and Europe among others. In FY25 (FY refers to period April 01 to March 31), MPL earned 65% of its consolidated revenue from the domestic market (PY: 67%), 8% from the USA (PY:7%), and remaining 27% from rest of the world (RoW), which indicates a geographically diverse revenue profile. MPL has also established a presence in South-east Asia, Commonwealth of Independent States and Sub-Saharan Africa through anti-tuberculosis (TB), and anti-retroviral (ARV) therapies. This geographically diversified revenue profile protects MPL's overall revenue and profitability against competition and adverse regulatory changes in a particular geography.

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

Dominant position in domestic formulation market supported by larger share in the acute therapeutic segment

MPL is among the top 10 largest pharmaceutical players in the domestic formulation market as on March 31, 2025, with a market share of ~3.00-3.50%. In FY25, MPL's domestic formulation revenue grew by ~3% (y-o-y) backed by strong performance in cardiac, anti-diabetic, and analgesic therapeutic segments. However, MPL's revenue growth from other key therapies including anti-infective, hormones and respiratory remained muted. Top five therapeutic segments contributed ~67% of its total domestic formulations sales (PY: 67%). MPL has a strong presence in the acute segment of domestic formulation market, and it has been increasing its presence in the chronic segment. The chronic therapeutic segment contributed 38-39% of MPL's domestic formulation sales for two years ended FY25 (FY23: 34%).

Wide and established marketing network

MPL has a wide marketing and distribution network in the domestic market to support its growing scale of operations. It has over 5,500 medical representatives (MRs), which enables it to market products to over 4,50,000 doctors across segments in the country. MPL has relatively high penetration in tier-2 and tier-3 cities compared to its peers. Growth prospect in the domestic formulation market is characterised by a strong and efficient marketing workforce, availability of products in the growing therapeutic segments and establishing brands with high recall. MPL has developed a strong brand value in the domestic market over the years. MPL's ability to keep creating new brands while its existing brand hits maturity phase will be key monitorable.

Strong product portfolio

MPL has a dedicated team of well-qualified personnel to handle its product registration and regulatory clearance processes in the overseas markets. The company has a very large product portfolio across geographies reducing its reliance on few formulations, which also protects it from rising competition and pricing pressure in the generic pharmaceuticals business. As on March 31, 2025, MPL had over 1,000 products in the domestic market.

MPL has a strong product pipeline targeting newer therapeutic segments, supported by its strong R&D capabilities. This is expected to drive the company's expanding scale of operations in the future. MPL consistently allocates 4–5% of its total income towards R&D, including recurring and capital expenditures, a trend likely to continue in the medium term. The company's ability to introduce new products and therapies in line with market demands, demonstrating its R&D strength, will be critical for sustaining its long-term growth prospects.

Healthy scale of operations and profitability

On a consolidated basis, MPL's total operating income (TOI) grew by ~8% in FY25 backed by higher revenue growth in overseas markets whereas domestic revenue growth remained muted. MPL has higher presence in acute therapies such as anti-infective, and vitamins among others, which is growing at a slower pace compared to IPM. These therapies are also facing intense competition. The management expects domestic formulation revenue to grow by 7% to 8% p.a. in near to medium term driven by new product launches and entry into newer therapeutic segments. Export revenue is expected to grow higher considering its expanding marketing presence and growing product portfolio in overseas geographies. MPL's gross margin and PBILDT margin have remained healthy in the range of 62-66% and 20%-24% respectively in the last four years ended FY25. The management expects to maintain PBILDT margin in the range of 22% to 24% in near to medium term. MPL's Return on Capital Employed (ROCE) remained healthy at ~25% in FY25. ROCE is expected to remain above 20% in near to medium term.

Strong capital structure and debt coverage indicators

MPL's financial risk profile is comfortable marked by healthy capital base of ₹10,971 crore against negligible total debt of ₹37 crore in form of lease liability and absence of bank debts as on March 31, 2025, resulting in comfortable capital structure (overdraft availed by the company against fixed deposits have been net-off while arriving at total debt). MPL has been generating strong cash flow from operations with negligible reliance on external debt. The company had cash equivalents and liquid investments of ~₹4,008 crore as on March 31, 2024, and ₹5,600 crore as on March 31, 2025. It is expected to remain net debt free in the medium term. MPL's healthy credit risk profile gives cushion to absorb external shocks in the medium term.

With low debt level, the company's total debt to PBILDT and PBILDT interest coverage ratio stood very comfortable. MPL's debt coverage indicators are expected to remain healthy in the medium term in the absence of major debt funded capex plan.

Experienced promoters in the pharmaceutical industry

MPL and its promoters have a long track record of operations in the pharmaceutical industry. MPL was founded by Dr Rajendra Agarwal (MD). He is supported by his brothers Girdharilal Bawri (Chairman) and Banwarilal Bawri (Joint MD). Promoters are well-qualified with experience of around four decades in the pharmaceuticals industry. Vijay Agarwal, (Girdharilal Bawri's son), CEO, is a Chemical Engineer (B.E) and has experience of over two decades in industry.

Steady growth prospects for Indian Pharmaceutical Industry (IPI) despite high competition

The IPI comprises mainly formulations, active pharmaceutical ingredients (APIs) and contract research and manufacturing services (CRAMS) segments. The outlook for IPI is envisaged to remain stable in the medium-to-long term backed by growth opportunity in capitalising on major blockbuster drugs coming off-patent, paving the way for entry of generics, especially in the US market, and geographical diversification in emerging markets. In the domestic market, growth in the formulations segment is expected to be led by rise in chronic diseases, increasing per capita income, government initiatives such as new national health protection scheme and Ayushman Bharat programme, improving access to healthcare facilities, and growing penetration of health insurance.

Liquidity: Strong

MPL's liquidity remains strong due to healthy cash-flow from operations and availability of large cash equivalents and liquid investments. MPL reported cashflow from operations of ₹1,616 crore in FY25. The company does not have principal repayment obligation till FY26, which also provides cushion to its liquidity. The company avails overdraft facility against its fixed deposits to meet working capital requirement. Fixed deposits earmarked for availing overdraft limits have been excluded while calculating its unencumbered cash equivalents and liquid investments. MPL had unencumbered cash equivalents and liquid investments of ~₹4,000 crore and ₹5,600 crore as on March 31, 2024, and March 31, 2025, respectively on a consolidated basis to meet exigencies. MPL parks the available liquidity mainly in bonds, mutual funds, and fixed deposits. The company is expected to incur annual capex of ~₹300 crore in FY26 and FY27, which is expected to be funded by mix of term loan and internal accruals.

Key weaknesses

Profitability susceptible to fluctuation in foreign exchange rate

MPL is exposed to adverse changes in foreign exchange rates, as it derives 30-40% of its consolidated revenue from the export market, while imports are low. MPL pays for imported raw material from the exchange earners' foreign currency (EEFC) account and does not hedge its net foreign currency exposures. Hence, MPL is exposed to adverse changes in net foreign exchange exposure.

Inherent regulatory risk associated with the pharmaceutical industry

MPL is exposed to inherent regulatory risk, as its operations are majorly centered towards manufacturing and selling pharmaceutical formulations that depend on policies framed by drug regulatory authorities in the markets it caters to. The Indian government also controls pharmaceutical product prices through Drug Price Control Order (DPCO) under price control mechanism. MPL's 21% of domestic product portfolio is included under DPCO. New inclusion of MPL's formulations in DPCO would require it to reduce the product's selling price of the product, which could impact its profitability. However, approvals by government for the price increase on an annual basis give some comfort. The pharmaceutical industry is highly regulated in many other jurisdictions and requires approvals, licenses, registrations, and permissions for undertaking business activities in those jurisdictions. The approval process for a new product registration is complex, lengthy, and expensive. The time taken to obtain approval varies across countries, but it generally ranges from six months to 2-3 years from the date of application. Delay or failure in getting approval for a new product launch can adversely affect the company's business prospects. Non-compliance of regulatory requirement may result in regulatory ban on products/facilities, which may impact a company's growth prospects. Presence in the regulated market is also prone to litigation risk with respect to PARA IV filing, and product liability, among others and associated legal costs. Hence, ongoing regulatory compliance has become critical for Indian pharmaceutical companies (including MPL).

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Pharmaceuticals](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

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

Incorporated in 1989, MPL is an Indian pharmaceutical company, promoted by the Bawri family. MPL has nine manufacturing facilities across India (Himachal Pradesh, Madhya Pradesh, Maharashtra, Gujarat, and the union territory of Daman). Its manufacturing facilities are approved by international drug regulatory agencies including the USFDA (USA), MHRA (UK), WHO among others. MPL has also access to two manufacturing facilities of associates (one in Himachal Pradesh and another in Indonesia). MPL has six DSIR-approved R&D centers in India.

Brief Financials - Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	8,690	9,383
PBILDT	2,105	2,240
PAT	2,021	2,281
Overall gearing (times)	0.00	0.00
Interest coverage (times)	179.93	239.32

A: Audited; Prov.: Provisional; 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-Long Term		-	-	-	112.00	CARE AA+; Stable

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	Fund-based-Long Term	LT	112.00	CARE AA+; Stable	-	1)CARE AA+; Stable (03-May-24)	-	-

LT: Long 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-Long Term	Simple

Annexure-5: Lender details

To view 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 company	Extent of consolidation	Rationale for consolidation
1	Macleods Pharma UK Limited	Full	Subsidiary
2	Macleods Pharmaceuticals SA (PTY) Ltd.		
3	Macleods Pharmaceuticals Limited, LLC		
4	Macleods Pharma USA, INC		
5	Macleods Pharma Espana SLU		
6	Oxus Pharma Limited		
7	Macleods Pharmaceuticals SDN. BHD.		
8	Macleods Pharmaceuticals Philippines INC		
9	Makmed LLC, Russia		
10	Macleods Pharma Deutschland GmbH, Germany		
11	Kalyankrit Industries		
12	Ratnadevi Murlidhar Bawri Social Welfare Foundation	Moderate	Associate
13	PT Sampharindo Retroviral Indonesia		

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.

Contact Us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754 3453 E-mail: Ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 91 22 6754 3404 E-mail: saiikat.roy@careedge.in	Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: +91-79-4026 5614 E-mail: krunal.modi@careedge.in
	Akshay Dilipbhai Morbiya Assistant Director CARE Ratings Limited Phone: 079-4026 5619 E-mail: akshay.morbiya@careedge.in

About us:

Established in 1993, CareEdge 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 Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge 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, CareEdge 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. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings 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. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings 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. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**