

## Galaxy Laboratories Private Limited

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	5.32	CARE BBB-; Stable	Assigned
Long-term bank facilities	15.00 (Enhanced from 7.00)	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	2.00 (Enhanced from 1.75)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Galaxy Laboratories Private Limited (GLPL) continues to derive strength from extensive experience of management, comfortable capital structure and debt coverage indicators, reputed customer base despite concentration risk and accredited manufacturing facility with integrated business operations.

However, the rating strengths are offset by moderate scale of operations, declining profitability, highly fragmented industry, product concentration risk, and profit margins susceptible to raw material prices. Ratings are further constrained by the project execution and stabilisation risk associated with the ongoing and planned capital expenditure (capex).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in total operating income (TOI) above ₹150 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 15% on a sustained basis.

#### Negative factors

- Any un-envisaged debt programme leading to deterioration in the capital structure, particularly with overall gearing of the company over 1.50x on a sustained basis.
- Deterioration in total debt to gross cash accruals (TD/GCA) above 3x on a sustained basis.
- Deterioration in operating cycle above 90 days on a sustained basis.

**Analytical approach:** Standalone

#### Outlook: Stable

The stable outlook reflects the company's ability to maintain its financial risk profile over the near to medium term, supported by the extensive experience of its promoters.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters and management

GLPL is currently managed by the first generation of the promoters and is spearheaded by Shrikant Deshmukh (B. Tech - Pharmaceutical and Fine Chemicals from ICT, Mumbai) and Nagesh Walimbe (B. Tech – Chemical Engineering from IIT Powai). Both promoters have an average experience of about four decades in the pharmaceutical industry through GLPL and are supported by qualified and experienced top management team. Being in the industry for long has enabled the promoters in gaining adequate acumen about the business, which aids in smooth operations of the company and maintain good business relations with key stakeholders.

##### Comfortable capital structure and debt coverage indicators

GLPL's capital structure continued to remain comfortable, marked by a total outside liabilities to tangible net worth (TOL/TNW) of 0.65x (PY: 0.47x) and an overall gearing ratio of 0.24x (PY: 0.20x) as on March 31, 2025. The marginal deterioration is considering increase in long-term debt for on-going capex. Debt coverage indicators remained healthy marked by interest coverage ratio of 8.98x in FY25 (refers to April 01 to March 31) (PY: 9.14x) and TD/GCA of 1.59x in FY25 (PY: 1.14x). The marginal deterioration is considering decline in profitability. CARE Ratings Limited (CareEdge Ratings) expects the capital structure to remain comfortable despite additional debt to support the on-going capex.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Reputed customer base despite concentration risk**

GLPL has reputed client base consisting of reputed players from pharmaceuticals and chemical industry. Association with the reputed customers reduces the counterparty credit risk. However, the customer base of the company is concentrated with top five customers contributing 71.25% and 70.10% of the total revenue in FY24 and FY25, respectively. Moreover, there are no long-term contract arrangements with the customers under contract manufacturing segment, which impedes the revenue visibility.

**Accredited manufacturing facility with integrated business operations**

GLPL's facilities are ISO 9001:2008 certified and have also been certified for WHO-Good Manufacturing Practices (WHO-GMP). The manufacturing facilities are in Aurangabad and Nevasa, Maharashtra. The company has a cumulative installed capacity to manufacture ~1,554 tonnes per annum across all its products.

The company had undertaken a backward integration with the setting up of hydrogen gas manufacturing unit at Newasa in August 2016. A major part of the said capex has been completed in the phased manner and already operational. The company is in the process of expansion of hydrogen plant, which will support and cater to the increasing order inflow at the plant. The company plans to expand hydrogen plant to 750 NM3 from 250 NM3. The project is expected to be completed by Q4FY26. The completion of the capex within the budgeted cost and successful ramp-up will be key monitorable. CareEdge Ratings will continue to monitor significant debt-funded capex that could strain liquidity in the future.

**Key weaknesses****Moderate scale of operations and declining profitability**

In FY25, GLPL's revenue improved to ₹120.07 crore against ₹101.25 crore in FY24 marking a y-o-y growth of ~18%. The improvement is primarily considering improvement in revenue from agro-chemical segment. However, the profitability of the company deteriorated marked by PBILDT margin of 10.29% in FY25 against 13.28% in FY24 owing to pricing pressure resulting from China's re-entry into the specialty chemicals market.

**Product concentration risk**

The company derives revenue from the sale of its own products and from manufacturing products on a contract basis. These products are used in the production of APIs across therapeutic segments, including antifungal, antitussive, anthelmintic, diuretic, antihypertensive drugs, fungicides, muscle relaxants, veterinary products, and manufacturing of specialty chemicals. GLPL derived ~77% of its revenue from the sale of its top five products in FY25 (84% in FY24), resulting in exposure to product concentration risk.

**Highly fragmented and regulated industry**

The company mainly derives its revenue from pharmaceutical and agro-chemical industry which faces intense competition in the domestic and international markets. Pricing pressure, increasing regulations, increased sensitivity towards product performance are the key issues in the pharmaceutical industry. The pharmaceutical industry has been a highly regulated industry worldwide by virtue of its direct bearing on public health. In India as well, government policies have played key role in performance of companies such as explicit control on drug prices in the form of drug price control order (DPCO). The patent laws and related regulations might hamper the company's plans to launch new products and cater to new markets.

**Implementation and stabilisation risk associated with planned capex**

Currently, the solid handling system, for both Pharma and Agro chemical, is only available at Aurangabad unit hence to avoid additional transport cost and handling cost, GLPL is expanding its Nevasa unit. The total cost of project is expected to be ~₹10 crore which will be funded through term loan of ₹7.50 crore and remaining through internal accruals. The project is expected to be completed by end of FY27.

The company is in the process of expansion of hydrogen plant which will support and cater to the increasing order inflow at the plant. The company plans to expand hydrogen plant to 750 NM3 from 250 NM3. The project is expected to be completed by end of FY26. The completion of the capex within the budgeted cost and successful ramp-up will be key monitorable. CareEdge Ratings will continue to monitor significant debt-funded capex that could impact the financial risk profile in the future.

**Liquidity: Adequate**

GLPL's liquidity position remains adequate, marked by sufficient cushion in accruals relative to repayment obligations and moderate utilisation of available cash credit limits. The company is expected to generate GCA of ~₹11 crore against debt repayment obligation of ~₹2-3 crore. The average monthly utilisation of the cash credit limit remained at ~75% for the 12 months ended April 30, 2025. The cash flow from operating activities was ₹11.76 crore in FY25.

**Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Pharmaceuticals](#)

[Pesticides & Agrochemicals](#)

[Financial Ratios – Nonfinancial Sector](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

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

Incorporated in 1991, Aurangabad-based GLPL is engaged in manufacturing active pharmaceutical ingredient (API) intermediates and intermediates for agro specialty chemicals. GLPL is also engaged in the contract manufacturing segment. The major products include Furfurylamine, Benzothiadiazole, Cyclohexenyl Ethyl Amine, and Beta Phenyl Ethyl Amine, among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	101.25	120.08
PBILDT	13.44	12.36
PAT	6.18	3.25
Overall gearing (times)	0.20	0.24
Interest coverage (times)	9.14	8.98

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** CRISIL, vide its press release dated April 04, 2025, reviewed ratings assigned to bank facilities of GLPL under Issuer Non-cooperation category, as the company did not provide the requisite information needed to conduct the rating exercise.

**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		-	-	-	15.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	31-03-2030	5.32	CARE BBB-; Stable
Non-fund-based - ST-Letter of credit		-	-	-	2.00	CARE A3

**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 - LT-Cash Credit	LT	15.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (24-Sep-24)	1)CARE BBB-; Stable (04-Oct-23)	1)CARE BBB-; Stable (02-Jan-23)
2	Non-fund-based - ST-Letter of credit	ST	2.00	CARE A3	-	1)CARE A3 (24-Sep-24)	1)CARE A3 (04-Oct-23)	1)CARE A3 (02-Jan-23)
3	Fund-based - LT-Term Loan	LT	5.32	CARE BBB-; Stable				

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - 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.

### Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Akhil Goyal Director <b>CARE Ratings Limited</b> Phone: 022-67543590 E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a></p> <p>Ashish Kashalkar Associate Director <b>CARE Ratings Limited</b> Phone: 9102040009009 E-mail: <a href="mailto:Ashish.Kashalkar@careedge.in">Ashish.Kashalkar@careedge.in</a></p> <p>Akhil Thakrar Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:akhil.thakrar@careedge.in">akhil.thakrar@careedge.in</a></p>
--	---

### 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](http://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](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](http://www.careratings.com)**