Makers Laboratories Limited (Revised)

September 03, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	8.00	CARE BBB+; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the rating assigned to bank facilities of Makers Laboratories Limited (MLL) continues to derive comfort from promoters' association with IPCA Laboratories Limited (IPCA). The rating also derives comfort from long-standing experience of promoters in the pharmaceutical industry, diversified product portfolio, satisfactory capital structure, debt protection metrics, and long-standing supplier network. The rating also derives strength from improved scale of operations, expansion in profitability margins, and adequate liquidity cushion provided by way of cash flows from sale of land. However, the rating is vulnerable to raw material price volatility, exposure to regulatory risk**,** moderate working capital cycle, and subdued and fluctuating profitability. CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating of term loan on the repayment of ₹0.06 crore and upon receiving No due certificate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.
- Sizable growth in turnover levels.

Negative factors

- Deteriorating capital structure with overall gearing above 0.50x.
- Reducing promoter shareholding in the company.

Analytical approach: Consolidated

For arriving at the rating, CareEdge Ratings has considered consolidated financials of MLL, and support derived from its linkages with IPCA. Both entities have sizable common shareholding pattern. Companies consolidated are listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes MLL will continue to benefit from its experienced promoter group and their long-standing experience in the pharmaceutical industry, diversified product portfolio, and satisfactory capital structure.

Detailed description of key rating drivers

Key strengths

Experienced promoters with established track record in industry

MLL is promoted by IPCA's promoters, with Premchand Godha (the Managing Director, IPCA), also being the promoter of MLL. He is a Chartered Accountant with over four decades of experience in the pharma industry. He has been instrumental in turning around IPCA from a sick unit in 1975 to a profitable international pharmaceutical company. Nilesh Jain and Saahil Parikh are MLL's whole-time Directors, handling its day-to-day operations. Saahil Parikh is B.Sc. (Biochemistry) from Gujarat university, with diploma in management studies from Ahmedabad Management Association. He has over two decades of experience in the pharma industry, spanning production, quality control, projects, and general management. Nilesh Jain is a B. Com and has Master's in management studies from Mumbai university. He has over 20 years of experience in materials management, marketing management, and business development. The management is ably supported by a team of well-qualified professionals down the line.

Diversified business segments backed by approved manufacturing facilities

MLL markets generic formulations in the Indian market. The company procures its products on Procure 2 Pay (P2P) basis from companies in the excise free zone of Himachal Pradesh and Uttarakhand. Vendor facilities are fully certified, including current

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

good manufacturing practice (CGMP). MLL's manufacturing facility is CGMP-certified. MLL's subsidiary, Resonance Specialties Limited (RSL), is engaged in manufacturing and marketing pyridine and pyridine derivatives, picolines, and some bulk drugs. Acquisition of controlling shareholding in RSL has enabled MLL enter speciality chemicals and active pharmaceutical ingredients (API) businesses, which will complement the parent's existing generic formulations business.

Long-standing supplier relations with PAN India supply chain

With its long presence in the pharma industry and association with IPCA, the company has established a strong and dependable supplier network. MLL has a strong supply chain operating pan-India backed by a strong distribution network of super stockists. MLL has changed its distribution policy from 'Direct to Distributor' to 'Direct to Chemist'. MLL's marketing efforts involve field forces going "Directly to chemists" as a part of their Maximus Division. It has its own depot at several locations pan-India to supply its products directly to chemists, saving on commission and logistics cost paid to the distributor.

Improved revenue and profitability metrics

In FY25, the company's turnover grew by 15% to ₹121 crore (FY24: ₹104.77 crore), largely supported by higher volumes from the existing product portfolio, though pricing pressures persisted amid intense competition. The generics segment remained the key revenue driver, outperforming the injectables and ophthalmic divisions during the year. PBILDT margins improved significantly to 7.40% in FY25 (FY24: 1.46%), aided by a favourable product mix, higher turnover levels, and benefits from operating leverage.

Comfortable financial risk profile despite weak debt coverage indicators

MLL has a sound capital structure marked by overall gearing remaining below unity at 0.06x as on March 31, 2025 (0.21x as on March 31, 2024). The company's debt profile comprises working capital bank borrowings, term loan, and lease liabilities. Due to improvement in profitability margins in FY25, debt coverage indicators have become positive. PBILDT interest coverage improved to 6.98x (PY: 0.76x). Also, MLL receives need-based financial support from its promoters in the form of timely infusion of funds. This demonstrated willingness and ability of promoters to extend support provides additional comfort to the credit profile of the company.

Key weaknesses

Vulnerable to raw material price volatility and forex fluctuation risk

As raw material cost is the major cost component, volatility in input prices subjects the company's profitability to risk associated with adverse movement of prices. On standalone basis, MLL primarily operates in the domestic market with no forex inflows. However, its subsidiary, RSL, derives over 55% of its revenue through exports, and has a system of regularly monitoring its currency-wise exposures. Significant part of RSL's receivables and payables are in US Dollars, which operates as a natural hedge against each other. RSL has a policy not to borrow in a currency, where it has no business exposure. RSL follows the currency hedging to safeguard currency exchange losses.

Exposure to regulatory risk

The pharmaceutical industry is highly regulated and requires approvals, licenses, registrations, and permissions for conducting business activities. Approval process for a new product registration is complex, lengthy, and expensive. The time taken to obtain approval varies across countries and authorities, usually taking a minimum of six months to several years from the date of application. Delays or failure in getting approvals for new product launch could adversely affect the company's business prospect.

Liquidity: Adequate

MLL's liquidity profile is marked by modest cash and liquid investments of ₹0.36 crore as on March 31, 2025, and current ratio at 3.2x as on March 31, 2025. MLL's liquidity position in FY25 was further strengthened by ₹10.10 crore inflows from the sale of property, plant and equipment to IPCA. The company does not have term loan from lenders. However, it has ₹3.08 crore outstanding loan from lenders for its subsidiary, RSL, for which the company has repayment obligation of ₹1.03 crore in FY26 against the expected cash accruals of ~₹6 crore. The company expects routine maintenance CAPEX of ~₹ 2 crore in FY26. The company has received timely, need-based support from its promoters and group companies such as IPCA in the past. In view of such support, coupled with unutilised lines of credit (average working capital utilisation for the last 12 months ending June 2025 remained at 8.72%), MLL's liquidity position is expected to remain adequate in the near term.

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
Withdrawal Policy

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

About the company and industry

Industry classification

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

Incorporated in July 1984, MLL is an Indian pharmaceutical company manufacturing generic drugs. IPCA's promoters also promote MLL. Premchand Godha, Managing Director, IPCA, is also MLL's promoter. MLL primarily markets branded generic formulations and generic formulations in the domestic market under major general health therapeutic segments such as anti-malarial, antibiotic, antibacterial, anti-inflammatory, analgesic, anti-diabetics, and other common diseases. The company gets it products manufactured on P2P basis in facilities of companies situated in Himachal Pradesh and Uttarakhand. The company also handles job-work for manufacturing injectables (anti-malarial) solely for IPCA. The company adheres to all requisite quality norms to ensure best quality for its products.

MLL is listed on the Bombay Stock Exchange (BSE). In September 2020, MLL acquired controlling stake in RSL, a chemical manufacturing and marketing company. RSL is engaged in manufacturing and marketing pyridine, picolines, cyanopyridines, drug intermediates, and API with its manufacturing unit in Tarapur, Boisar, Palghar District (Maharashtra). MLL acquired 45.48% stake in RSL for cash consideration of ₹22.37 crore. MLL took over RSL's board on December 21, 2020. Acquisition of controlling shareholding in RSL has enabled MLL enter speciality chemicals and API businesses, which will complement the parent's existing generic formulations business.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	104.77	121.13	35.00
PBILDT	1.53	8.98	3.27
PAT	-4.81	10.91	1.30
Overall gearing (times)	0.21	0.06	Not available
Interest coverage (times)	0.76	6.98	18.16

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

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	-	-	-	-	8.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	-	0.00	Withdrawn

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-Term Loan	LT	-	-	-	1)CARE BBB+; Stable (08-Oct-24)	1)CARE BBB+; Stable (05-Feb-24)	1)CARE BBB+; Stable (08-Mar-23)
2	Fund-based - LT-Cash Credit	LT	8.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (08-Oct-24)	1)CARE BBB+; Stable (05-Feb-24)	1)CARE BBB+; Stable (08-Mar-23)

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 - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Resonance Specialties Ltd	Full	Subsidiary

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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