Fleming Laboratories Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2.37	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	37.40	CARE BBB; Stable / CARE A3+	Reaffirmed
Short-term bank facilities	4.10	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Fleming Laboratories Limited (FLL) derives strength from established track record of business, accredited manufacturing facilities, growth in revenue from operations and profitability in FY25 (Unaudited, FY refers to April 01 to March 31), established customer base and diversified geographical reach, comfortable financial risk profile, and established position in the niche product segment.

Ratings strengths are partially offset by elongated operating cycle, regulated business and nascent stage of operations in Fermac Bio Private Limited (Fermac), a joint venture (JV) floated by FLL and Barsun Labs LLP (BLL), where FLL and BLL extended a corporate guarantee for the debt availed by Fermac.

Ratings also factor in investment of ₹25 crore by InvAscent, a private equity firm through Compulsory Convertible Preference Shares (CCPS) through its fund, India Lifesciences Fund IV. Funds raised by FLL were invested as equity and unsecured loans to its erstwhile subsidiary, Fleming Life Sciences Private Limited (FLSPL), for the establishment of a production unit in Kadechur, Karnataka. The subsidiary is now in process of merger into FLL and is expected to get completed by end of this current fiscal.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving total operating income (TOI) to over ₹200 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 24% on a sustained basis.
- Reducing operating cycle below 120 days on a sustained basis.

Negative factors

- Un-envisaged incremental borrowings, deteriorating its overall gearing over 0.75x on a sustained basis.
- Declining TOI by over 30% and PBILDT margin falling below 15%.
- Increase in operating cycle beyond 200 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that FLL will continue to benefit from the promoters' experience and established relationships with customers.

Detailed description of key rating drivers:

Key strengths

Growth in revenue from operations and profitability

In FY25, revenue from operations witnessed a growth of ~14% y-o-y from ₹118.48 crore in FY24 to ₹135.13 crore in FY25. This was considering resumption of orders from Brainfarma. Profitability marked by PBILDT margin improved from 16% in FY24 to 22.55% in FY25. Similarly, profit after tax (PAT) margin improved from 2.72% in FY24 to 11.83% in FY25. This significant improvement was considering increased revenue and product diversification and achieving economies of scale.

Established track record of operations

FLL has a track record spanning over two decades in the pharmaceutical industry. It is currently led by M Jeyamuruga Prakash, who holds a post-graduate degree in Chemistry and Chemical Engineering from BITS Pilani and MBA from Great Lakes Institute of Management. He possesses extensive experience in active pharmaceutical ingredients (API) industry and has a background in industrial and marketing roles, with a focus on pharmaceutical sector. Prior to joining FLL, he served as vice president for

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

international business and marketing at Shasun Pharmaceuticals Limited. The company also benefits from the management's well-established relationships in the market with suppliers and customers.

Accredited manufacturing facilities
To compete with international and domestic contenders, the company invested in strengthening its business operations. This includes getting its facilities audited and approved by regulatory agencies, such as EUGMP, EDQM, WHO GMP, PMDA (Japan), COFEPRIS (Mexico), and Korea FDA. The company operates two API manufacturing facilities supported by a qualified team to ensure international standards. Its R&D centre is recognised by Government of India under Department of Scientific and Industrial Research (DSIR). USFDA Suo moto initiated an inspection from September 16, 2024, to September 20, 2024, for Unit II, Jeedimetla, Hyderabad. This is considering the increase in demand for D-Penicillamine (used for treatment of Wilson's Disease) in the US. Following USFDA clearance for products (produced at Unit II), export revenue is expected to rise given FLL will be able to export to the US.

Established customer base and diversified geographical reach
The company has established relationships with its pharmaceutical clients, spanning over a decade and extending across the globe. FLL has expanded its geographical presence to encompass over 70 countries, including South American countries, Middle Eastern countries, Asia, Europe, and Russia, among others.

Comfortable financial risk profile
In FY25, the company's financial risk profile remained at similar levels compared to FY24 despite increased reliance on bank borrowings for working capital purpose and funds raised from a PE firm through CCPS amounting to ~₹25 crore, considered as debt. Despite the increase, overall gearing remained similar at 0.43x as on March 31, 2025. FLL, and Brasun Labs LLP, provided a corporate guarantee for a ₹44 crore term loan taken by Fermac (JV). This guaranteed debt adjusted the overall gearing ratio to 0.77x as of March 31, 2025. Other debt coverage indicators also improved slightly, with total debt/PBILDT improving to 1.94x for FY25 (PY: 2.89x) and total debt/gross cash accruals (GCA) to 2.83x (PY: 5.95x).

Stable industry outlook
In 2025, the Indian pharmaceutical industry is valued at ~US$ 66–70 billion and remains a global leader in generic drug and vaccine production. It supplies over 40% of generics used in the US and over 50% of global vaccine demand. The industry is transitioning from a generics-focused model to innovation-driven growth, with rising investments in specialty drugs, biosimilars, and biologics. Segments such as oncology and immunology are expanding rapidly, and the CRAMS/CDMO sector is expected to double in value by 2030. Digital technologies such as AI and machine learning are being adopted across drug development and supply chains, while e-pharmacies and telemedicine are improving healthcare access. Government initiatives such as the PLI scheme and increased R&D funding are supporting this transformation. Despite challenges such as price controls and regulatory delays, the industry is poised for sustainable growth, projected to reach US$ 130 billion by 2030, positioning India as a global hub for pharmaceutical innovation.

Key weaknesses

Nascent stage of operations
FLL has established a JV named Fermac in collaboration with BLL to manufacture three antibiotic products: Daptomycin, Fusidic Acid, and Teicoplanin, which are currently not produced in India. The project cost is ₹66 crore which is funded through a term loan of ₹45 crore and the balance through equity infusion by JV partners. FLL and BLL extended a corporate guarantee for this debt. Expected commercial operations date (COD) for the project was October 2024. However, the COD was achieved in August 2025. FLL also undertook a project to establish a production facility (Unit III) in Kadechur, Karnataka, through its erstwhile subsidiary, FLSPL. The project cost was ₹30 crore, which is funded through equity, unsecured loans, and internal cash flows from FLL. This plant also commenced operations in June 2025. Both units have recently commenced operations with validation batches under commercialisation. Hence, the risk in terms of nascent stage persists.

Elongated working capital cycle
In FY24, operating cycle extended to 203 days from 175 days. This was due to a longer collections period caused by delays in receiving payments from some clients. The collections period increased from 143 days in FY24 to 159 days in FY25. Accounts receivable as on March 31, 2024, stood at ₹49.75 crore, which increased to ₹68.64 crore by March 31, 2025, mainly due to extended credit period provided to its customers. Similarly, creditor period reduced from ₹69 days in FY24 to 62 days in FY25.

Presence in regulatory industry
The company is exposed to regulatory risk given its involvement in manufacturing pharmaceutical APIs, a sector subject to strict regulations across countries. Compliance requires obtaining approvals, licenses, and registrations, which are often associated with lengthy and costly processes. Time required to secure these approvals can vary significantly country-wise, from six months to several years. Any delays or setbacks in obtaining necessary approvals for product launches could have a negative impact on the company's growth and overall business outlook.

Liquidity: Adequate

Liquidity is characterised adequate by generation of healthy cash accruals of ₹20.91 crore in FY25 against a gross repayment obligation of ₹1.25 crore in FY26. The average working capital utilisation remains at ~92% for past 12 months ended August 2025. This increase is primarily due to the fixed overheads. Liquidity is further supported by current ratio of 1.99x as on March 31, 2025.

Assumptions/Covenants: Not applicable

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 and Biotechnology	Pharmaceuticals

FLL was incorporated in 1992 and is engaged in manufacturing and exporting APIs. The company was initially promoted by B Ravishankar, with the primary objective of manufacturing APIs. Later, in November 2014, Jeyamuruga Prakash acquired a 55% stake and took over the company's operations from December 2014 onwards. The company operates two manufacturing units in Telangana, audited and approved by regulatory agencies, including EUGMP, EDQM, WHO GMP, PMDA (Japan), COFEPRIS (Mexico), and Korea FDA, among others.

Particular	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	118.48	135.13	43.03
PBILDT	18.97	30.47	13.05
PAT	4.34	15.99	8.10
Overall gearing (times)	0.43	0.43	NA
Interest coverage (times)	6.14	9.30	16.31

A: Audited UA: Unaudited; 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-Term Loan	-	-	-	January 2026	2.37	CARE BBB; Stable
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	-	37.40	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-BG/LC	-	-	-	-	4.10	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/ ST-CC/Packing Credit	LT/ST	37.40	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (25-Sep-24)	1)CARE BBB+; Stable / CARE A2 (05-Oct-23)	1)CARE BBB+; Stable (08-Nov-22)
2	Non-fund-based - ST-BG/LC	ST	4.10	CARE A3+	-	1)CARE A3+ (25-Sep-24)	1)CARE A2 (05-Oct-23)	1)CARE A2 (08-Nov-22)
3	Fund-based - LT-Term Loan	LT	2.37	CARE BBB; Stable	-	1)CARE BBB; Stable (25-Sep-24)	1)CARE BBB+; Stable (05-Oct-23)	1)CARE BBB+; Stable (08-Nov-22)

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Non-fund-based - ST-BG/LC	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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: 80-46625555 E-mail: karthik.raj@careedge.in Y Tejeshwar Reddy Associate Director **CARE Ratings Limited** Phone: +91-40-40102030 E-mail: Tejeshwar.Reddy@careedge.in Sachin Rathi Analyst **CARE Ratings Limited** E-mail: Sachin.rathi@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

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