

## Optival Health Solutions Private Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	236.00 (Enhanced from 200.00)	CARE A; Stable	Reaffirmed
Short-term bank facilities	14.00 (Enhanced from 12.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings reaffirmed to bank facilities of Optival Health Solutions Private Limited (Optival; a 99.99% subsidiary of MedPlus Health Services Limited [MedPlus]) remain underpinned by established brand of 'Medplus' in the retail pharmacy space with over 4,813 stores across the country. The revenue from operations has also been on a growing trend, with Optival registering a growth of 9% y-o-y in FY25 to achieve a revenue of over ₹6,017 crore. The company's financial risk profile stands comfortable with absence of term loans, adequate liquidity marked by strong cashflow from operations (CFO) and nil utilisation of working capital borrowing limits. However, for additional operational needs with projected growth in number of stores, the company has been sanctioned enhancement in its working capital limit, which it may utilise, going forward. This, and an increase in lease liability pertaining to addition of stores, may impact its leverage structure. Lease rentals form a significant portion of company's operational expenditure, increasing rentals can impact company's profitability. Although the company has a free cash balance of ~₹298 crore as on March 31, 2025, and has been generating adequate accruals, its ability to continue maintaining a healthy credit risk profile will remain a key monitorable. Rating strengths are partially offset by presence in highly regulated, fragmented and competitive industry and low profitability margins.

CARE Ratings Limited (CareEdge Ratings) considers the promoter-level indebtedness, which includes non-convertible debentures (NCDs) of ₹900 crore and accumulated interest of ₹30 crore as on August 2025. To secure this obligation, ~60% of the promoters' shareholding in MedPlus has been pledged, potentially affecting the group's overall financial flexibility.

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

#### Positive factors

- Sustained Growth in operational and financial performance while maintaining strong financial risk profile
- Return on capital employed (ROCE) improving above 15% on sustained basis.

#### Negative factors

- Total operating liabilities to total net worth (TOL/TNW) deteriorating beyond 1.5x, going forward
- Elongating inventory holding period to over 100 days on a sustained basis.
- Significantly declining operating income or profits, going forward.

**Analytical approach:** Standalone, factoring operational and financial linkages with parent entity, Medplus.

**Outlook:** Stable. CareEdge Ratings believes that the entity will continue to benefit from its growing presence in the market while maintaining steady CFO.

### Detailed description of key rating drivers:

#### Key strengths

##### Strong brand name of "Medplus" in retail pharmacy segment and experienced promoters

Optival is a subsidiary (equity stake of 99.99%) of MedPlus, promoted by Dr. Madhukar Gangadi. Medplus is the second-largest pharmacy retailer in India. The key promoter of Optival, Dr. Madhukar Reddy, is a professional medical doctor and holds a master's degree in business administration from Wharton School of Business. He is the chief mentor for the MedPlus group companies in

<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.

their strategic planning and decision making. The group has an established brand name and strong market presence. At a standalone level, MedPlus has taken steps to explore the diagnostics market. This includes establishment of three integrated radiology centres, four low-end radiology centres, a central path laboratory, and over 100 collection centres. However, ~98% of the Medplus' consolidated revenue is derived from stores run by Optival.

### **Satisfactory scale of operations and improved profitability levels and margins**

The company's revenue improved with y-o-y growth recorded at 8.63%, to ₹6,016.80 crore against ₹5,538.40 crore, which is primarily considering increase in matured stores in FY25 resulting in average revenue per store stood at ~₹1.28 crore, while lease liabilities remained stable at ~₹0.24 crore per store, despite the addition of new outlets indicating efficient store-level economics and disciplined expansion. In line with the total operating income (TOI), profit before interest, lease rentals, depreciation and taxation (PBILDT) margins of the company improved by 97 bps to 7.03% against 6.06% in FY24, which is primarily because stores aged over 24 months have been increased from 59% in FY24 (~2600 stores) to 78% in FY25 (~3650 stores) in the last one year. However, PBILDT margins of the company have not reached FY22 levels yet despite its expansion of business in the market.

### **Comfortable financial risk profile**

The company's financial risk profile stands comfortable, marked by the absence of term debt and an overall gearing of 0.79x as on March 31, 2025 (0.77x as on March 31, 2024). The entire debt as of March 31, 2025, pertains to lease liability accounted for in accordance with IndAS. Other coverage metrics are also comfortable, although moderated marginally due to an increase in lease liability, as reflected in TOL/TNW of 1.31x as on March 31, 2025 (1.23x as on March 31, 2024). However, with more retail stores being added in the future, the company is expected to utilise its enhanced working capital limits. In addition to that, further increase in lease liability pertaining to the addition of stores, affecting the company's financial risk profile would remain a key monitorable.

### **Established pharma player in the market with diversified geographical presence**

Optival has enhanced its market potential by increasing its stores from 2,748 as on March 31, 2022, to 4813 stores as on June 30, 2025 under the brand name 'Medplus'. Majority company stores are in urban areas. The company strategically positions its stores in prime commercial areas to create better brand awareness even though prime locations have higher lease rentals and fierce competition from other organised and unorganised players.

### **Key weaknesses**

#### **Presence in highly fragmented and competitive nature of industry**

The company is engaged in trading pharma and other fast-moving consumer goods (FMCG) products, which is highly fragmented due to presence of organised and unorganised players in the industry. Potential risk arising out of new competition owing to differentiated products and new entrants of varying sizes and store formats operating in unexplored semi-urban and rural markets.

#### **Pledge of major stake of promoters shares in Medplus**

Dr. Madhukar Reddy Gangadi, Promoter and Managing Director of MedPlus, increased his stake in the company to ~40% through group entities, Agilemed Investments Private Limited and Lone Furrow Investments Private Limited, with the acquisition primarily funded by debt. The current outstanding debt related to this acquisition is ~₹900 crore, carrying high interest rate. CareEdge Ratings considers, pledge of shares of Medplus by promoters for ~60% may potentially impact the financial flexibility of the group.

#### **Liquidity: Strong**

The company's liquidity profile remains strong, supported by a sharp improvement in cash flow from operations, which increased to ₹479.60 crore in FY25 (PY: ₹132.83 crore), driven by significant growth in scale and inventory levels maintained at similar levels despite the significant increase in stores, reflecting healthy churn of sales, which further contributed to improvement in operating cash flows. Liquidity is also supported by nil utilisation of sanctioned working capital limits, a comfortable current ratio of 2.39x, and cash and liquid investments of ₹298.14 crore 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](#)  
[Financial Ratios – Non financial Sector](#)  
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[Notching by Factoring Linkages with Parent](#)  
[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Retailing	Distributors

Incorporated in July 2005, Optival is a subsidiary (99.99%) of MedPlus, promoted by Dr Madhukar Gangadi. Optival is the flagship company of the Medplus group contributing to ~99% of the group's revenue and profits. MedPlus is one of the leading pharmacy retailers in India and operates 4,813 stores as on June 30, 2025, in ~730 cities across Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Odisha, West Bengal, and Maharashtra.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	5,538.40	6,016.80	1,510.27
PBILDT	335.54	423.21	104.88
PAT	51.91	107.40	27.27
Overall gearing (times)	0.77	0.79	NA
Interest coverage (times)	3.16	3.80	4.11

A: Audited UA: Unaudited; NA: Not available; 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		-	-	-	186.00	CARE A; Stable
Fund-based - LT-Working Capital Demand loan		-	-	-	50.00	CARE A; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	14.00	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	Fund-based - LT-Cash Credit	LT	186.00	CARE A; Stable	-	1)CARE A; Stable (29-Jul-24)	1)CARE A; Stable (05-Jan-24)	1)CARE A; Stable (31-Mar-23)
2	Non-fund-based - ST-Bank Guarantee	ST	14.00	CARE A1	-	1)CARE A1 (29-Jul-24)	1)CARE A1 (05-Jan-24)	1)CARE A1 (31-Mar-23)
3	Fund-based - LT-Working Capital Demand loan	LT	50.00	CARE A; Stable	-	1)CARE A; Stable (29-Jul-24)	-	-

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-Working Capital Demand loan	Simple
3	Non-fund-based - ST-Bank Guarantee	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

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