

Brooks Laboratories Limited

November 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	7.80	CARE BB; Stable	Upgraded from CARE BB-; Stable
Short-term bank facilities	4.20	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the long-term rating assigned to bank facilities of Brooks Laboratories Limited (BLL) factors in the expected improvement in its financial performance in FY26 (refers to April 01 to March 31) with expected total operating income (TOI) of ~₹100.00 crore and higher profit margins driven by lower purchase costs due to stronger supplier negotiations. Ratings continue to derive strength from experienced promoters and established track record of operations. CARE Ratings Limited (CareEdge Ratings) also takes cognizance of the recently announced merger of BLL's associate company, Brooks Steriscience Limited (BSL), into OneSource Speciality Pharma Limited (OSPL). BLL will receive a 1.50% equity stake in OSPL in lieu of 49% stake in BSL. The merger is expected to be completed by December 2026, is likely to enhance BLL's liquidity position owing to the conversion of its investment in an unlisted joint venture (JV) into listed OSPL shares, improving liquidity position, and the discontinuation of the corporate guarantee extended for BSL's borrowings of ₹68.62 crore.

However, ratings continue to remain constrained by a moderate capital structure owing to high guaranteed debt of the associate company, small scale of operations with low profitability margins, and the highly regulated and competitive nature of the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations with TOI above ₹100 crore and profit before interest, lease rental, depreciation and taxation (PBILDT) above 7.00%, on a sustained basis.
- Improvement in the operating cycle, below 30 days, resulting in an improvement in the liquidity position on a sustained basis.
- Significant reduction in the corporate guarantee backed debt.

Negative factors

- Significant decline in the company's scale of operations or profitability margins as marked by PBILDT margin below 2.00% on a sustained basis.
- Any major debt-funded capex or increase in dependence on working capital borrowings, resulting in significant deterioration in the capital structure and liquidity position.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CareEdge Ratings' expectation that the entity would continue to benefit from its experienced promoters and established track record of operations.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with low profitability margins; though expected to improve in FY26

The company's scale of operations continues to remain small, with a TOI of ₹83.04 crore in FY25 (April 1, 2024 to March 31, 2025), due to its presence in highly competitive nature of industry. Despite this, the company has some reported improvement in profitability margins as marked by PBILDT and profit after tax (PAT) margins of 6.03% and 3.68%, respectively, in FY25 against 4.86% and 1.90%, respectively, in FY24.

Q1FY26 (refers to April 01, 2025 to June 30, 2025): The company has reported the revenue from operations of ₹25.51 crore and PBILDT of ₹3.34 crore compared to TOI of ₹17.93 crore and PBILDT of ₹0.35 crore in Q1FY25. BLL's financial performance is expected to improve in FY26 with expected TOI of ~₹100.00 crore and higher profit margins driven by lower purchase costs due to stronger supplier negotiations. Also, CareEdge Ratings takes cognizance of the recently announced merger of BLL's associate

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

company, BSL, into OSPL. BLL will receive a 1.50% equity stake in OSPL in lieu of 49% stake in BSL. The merger is expected to be completed by December 2026, is likely to enhance BLL's liquidity position owing to the conversion of its investment in an unlisted JV into listed OSPL shares, improving liquidity position, and the discontinuation of the corporate guarantee extended for BSL's borrowings of ₹68.62 crore.

Moderate financial risk profile

BLL's overall gearing remains comfortable at 0.07x as on March 31, 2025, compared to 0.08x as on March 31, 2024. However, owing to guaranteed bank debt of ₹68.62 crore availed by the associate entity, BSL, the company's financial risk profile remains moderate as marked by an adjusted overall gearing [including corporate guarantee provided to BSL of ₹68.62 crore in FY25 (PY: 65.00 crore) in debt and excluding investment in associate of ₹90.44 crore in FY25 (PY: ₹46.79 crore) from tangible net worth] of 3.09x as on March 31, 2025, against 3.12x as on March 31, 2024. Going forward, the adjusted overall gearing is expected to improve, following the merger of BSL into OSPL.

Highly regulated and competitive nature of industry

The pharmaceutical industry is a closely monitored and regulated industry, with inherent risks and liabilities associated with products and manufacturing. Regular compliance with product and manufacturing quality standards prescribed by regulatory authorities is critical for selling products across geographies. BLL is engaged in manufacturing pharmaceutical formulations. The industry is characterised by intense competition due to the presence of numerous small and large players.

Key strengths

Established track record of operations and reputed clientele

BLL has nearly two decades of industry presence, leading to established relationships with customers and suppliers. The company is engaged in manufacturing pharmaceutical formulations and supplies to reputed players.

Experienced management

BLL is presently overseen by the collective efforts of its promoters and directors. Promoters, Atul Ranchal and Rajesh Mahajan, each bring nearly two decades of industry experience, complemented by directors, Jitendra Pratap Singh, Dr. Durga Shankar Maity, and Bhushan Singh Rana, who also possess over 20 years of expertise. Directors are supported by a team of well-versed professionals having rich experience in their respective fields.

Liquidity: Stretched

Liquidity profile of the company remains stretched, as reflected by high utilisation of working capital limits of ~80% in the last 12 months ending September 2025, and a low free cash and bank balance of ₹0.06 crore as on March 31, 2025. While the company currently does not have term liabilities, the associate company BSL has guaranteed debt of ₹68.62 crore. However, the company is not planning major capex in near-to-medium term, except a regular maintenance/ upgradation capex of ~₹1.0 crore in FY26, which is to be financed entirely through internal accruals.

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

Incorporated in 2002, BLL is engaged in contract manufacturing of pharmaceutical formulations. The company has a wide range of products, including liquid injection vials, tablets, dry syrup, liquid injection ampoules, eye/ear drops, dry powder injection among others. The products manufactured by the company find its application in therapeutic segments including antibacterial, antibiotics, anti-gastric, anti-malarial, and life-saving drugs among others. Around 90% of its revenue is generated from the domestic market, while the balance comes from exports to countries such as Afghanistan, Malaysia, Dubai, Benin, and Congo. Additionally, ~20% of its revenue is contributed by sales under its own brand.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	80.29	83.04	25.51
PBILDT	3.90	5.01	3.13
PAT	1.53	3.05	2.65
Overall gearing (times)	0.08	0.07	NA
Interest coverage (times)	4.62	4.87	10.43

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	-	-	-	-	7.80	CARE BB; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	4.20	CARE A4

LT: Long term; ST: Short term

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	Non-fund-based - ST-BG/LC	ST	4.20	CARE A4	-	1)CARE A4 (07-Nov-24)	1)CARE A4 (31-Oct-23)	1)CARE A4 (11-Nov-22)
2	Fund-based - LT- Cash Credit	LT	7.80	CARE BB; Stable	-	1)CARE BB-; Stable (07-Nov-24)	1)CARE BB-; Positive (31-Oct-23)	1)CARE BB-; Stable (11-Nov-22)

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	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 Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in Sandeep Aggarwal Associate Director CARE Ratings Limited Phone: 120-4452062 E-mail: Sandeep.aggarwal@careedge.in Yashika Yogendra Singh Analyst CARE Ratings Limited E-mail: Yashika.Yogendra@careedge.in
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