Arihant Chemist LLP

March 04, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	28.00	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated analytical approach for Arihant Chemist LLP (ACLLP), Zyphar's Biopharmaceuticals Private Limited (ZBPL) and Zyphar's Pharmaceutics Private Limited (ZPPL); collectively referred to as 'the Group'), considering the common management, similar line of business and financial and operational linkages among entities.

Ratings are constrained by the group's stretched liquidity profile, characterised by high utilisation of working capital limits, its small scale of operations, geographic concentration, moderately leveraged capital structure, and moderate debt coverage indicators. Ratings are further constrained by limited value addition inherent in the trading-led business model, resulting in modest profitability, exposure to foreign exchange fluctuation risk, intense competition, and regulatory risks in the pharmaceutical sector.

However, ratings derive comfort from promoters' extensive experience in the pharmaceutical industry, the group's diversified business profile, and its established distribution network, which support business continuity and scale stability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations, with total operating income exceeding ₹275 crore, and improvement in profitability and liquidity, reflected in moderation in working capital utilisation levels on a sustained basis.
- Improvement in capital structure, with total outside liabilities to tangible net worth (TOL/TNW), improving to below 3.0x on a sustained basis

Negative factors

- Significant decline in scale of operations or profit before interest, lease rentals, depreciation and taxation (PBILDT) margins, resulting in gross cash accruals falling below ₹4 crore.
- Deterioration in capital structure, marked by overall gearing increasing beyond 3.5x on a sustained basis, due to higher debt levels or weakening net worth.

Analytical approach: Consolidated

While arriving at ratings, CareEdge Ratings has considered the consolidated financial risk profile of ZPPL, and its subsidiaries, ACLLP, ZBPL (collectively referred to as 'the group'). The consolidated approach is adopted owing to significant managerial, operational, and financial linkages among the group entities. Please refer to annexure-6 for details.

Outlook: Stable

The 'stable' outlook reflects that the entity is expected to sustain its operational performance with benefits derived from vast experience of the promoters and relationship with reputed suppliers.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations and geographical concentration

The group's scale of operations remains moderate, with consolidated income from operations increasing by ~11% to ₹222 crore in FY25 from ₹199 crore in FY24. Despite improvement, the scale continues to be modest in the context of the highly competitive pharmaceutical distribution and branded generics industry, limiting operating leverage benefits. The revenue profile exhibits geographic concentration, with the domestic market accounting for majority sales and over 50% of domestic revenue derived from Maharashtra. Exports contributed a moderate share of ~22% of total revenue in FY25, providing limited geographic diversification.

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

Moderate capital structure and debt coverage indicators

The group's capital structure remains moderately leveraged, with overall gearing increasing to 2.85x (PY: 1.70x) and TOL/TNW rising to 4.42x (PY: 2.70x) as on March 31, 2025, against a TNW of ₹21.12 crore. Deterioration in leverage indicators in FY25 was primarily attributable to higher working capital borrowings and a reduction in net worth, partly considering consolidation-related adjustments, following acquisition of 94% stake in ACLLP. Accordingly, total debt increased to ₹60.21 crore as on March 31, 2025 (PY: ₹47.33 crore), comprising working capital borrowings of ₹40.28 crore, term loans of ₹4.59 crore, and unsecured loans from promoters and relatives of ₹15.34 crore. Debt coverage indicators remained moderate, marked by PBILDT interest coverage of 2.61x and TD/PBILDT of 4.13x in FY25, which constrains financial flexibility and the group's ability to withstand adverse business conditions.

Limited value addition resulting in moderate profitability

The group's profitability remains moderate, constrained by its trading-led business model, where value addition is limited due to fixed pricing structures and distributor margins determined by pharmaceutical principals. Intense competition, limited bargaining power, and the multi-layered distribution structure further restrict margin expansion. Consequently, the group reported PBILDT margin of 6.57% and profit after taxation (PAT) margin of 2.96% in FY25. While the group has presence in branded generics and active pharmaceutical ingredient (API) manufacturing, these segments are yet to materially enhance consolidated profitability. Exports accounted for a moderate share of ~12% of total sales in FY25, exposing the group to foreign exchange fluctuation risk, although the impact remains limited in the absence of significant import dependence.

Intense competition in the pharmaceutical industry and regulatory risk

The group operates in the highly competitive pharmaceutical trading and branded generics industry, characterised by the presence of a large number of regional distributors and intense price competition. In the branded generics segment, competition from low-cost unbranded and generic alternatives limits pricing flexibility and margin expansion. The pharmaceutical sector is highly regulated, with periodic government interventions such as price controls under the Drug Price Control Order (DPCO) and increasing penetration of generic medicine schemes impacting demand and realisations. Given that the group's trading operations depend on products supplied by authorised pharmaceutical manufacturers, regulatory or compliance-related action affecting these suppliers could adversely impact business volumes and profitability. Execution and regulatory risks associated with scaling up the oncology API manufacturing operations is key monitorable.

Key strengths

Experienced promoters with an established track record in pharmaceutical industry

The group is promoted by the Jain family, led by Mahendra Jain, Rajesh Jain, and Roshan Jain, who collectively possess over three decades of experience in the pharmaceutical industry. The promoters have established track records in pharmaceutical trading and distribution, and in marketing and selling branded generic formulations. Their long-standing industry presence has enabled the group to build established relationships with pharmaceutical principals, suppliers, and customers, supporting business continuity and scalability. Promoters are assisted by second-generation family, which provides management depth and continuity. Promoters' experience and demonstrated execution capability have supported the group's stable operations and gradual scale-up across business segments.

Diversified product portfolio supported by established distribution network

The group has a diversified business profile spanning pharmaceutical distribution, branded generics, and API manufacturing, which reduces dependence on a single product category or business vertical. The group operates under two primary business models: private label marketing of branded generic formulations through ZPPL and pharmaceutical trading and distribution through ACLLP. The diversified business profile is supported by an established distribution network, particularly in Maharashtra. Through ACLLP, the group distributes pharmaceutical products for over 200 pharmaceutical companies and caters to a network of over 4,000 retailers. This wide reach supports stable business volumes and customer diversification. Exports contribute a moderate share of ~22% of total sales in FY25, primarily to the Middle East and select African and Asian markets, providing limited geographic diversification.

Liquidity: Stretched

The group's liquidity remains stretched, marked by high utilisation of working capital limits driven by elevated receivables and inventory levels. Average utilisation of sanctioned working capital limits remained high in the last 12 months, with instances of overdrawal observed in the period. However, the group enhanced its working capital limits in August 2025, post which instances of overdrawal have been limited. The group has annual term loan repayment obligations of ₹3.02 crore in FY26, which are expected to be met through internal cash accruals. As on March 31, 2025, liquidity indicators were moderate, with a current ratio of 1.72x and quick ratio of 1.11x. Liquidity remains susceptible to further elongation in the operating cycle or deterioration in cash accruals.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading
Pharmaceuticals

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Trading and distributors

Arihant Chemist LLP:
ACLLP is based in Pune and was incorporated in 2018, with operation commencing in FY20. ACLLP is engaged in wholesale distribution of pharmaceutical products majorly in Maharashtra. ACLLP carries out distribution of pharmaceutical products for over 200 companies including reputed brands to over 4000 stockists/retailers in the Maharashtra region. The firm is also an authorised distributor for the many brands. The firm is promoted by Mahendra Jain, Rajesh Jain, Roshan Jain, and their families.

Zyphar's Pharmaceutics Private Limited:
ZPPL is based in Kondhwa-Pune and was incorporated in 2006. It is engaged in sales of pharmaceutical products under its own brand name (categorised as branded generics). However, the manufacturing is outsourced to domestic companies. ZPPL caters to anti-infective, pain management, anti-malarial areas through its branded names. It operates through a facility owned and spread over an area of 7000 sq. ft. in Pune, Maharashtra, it caters to domestic and exports market (mainly the Middle East). The company is promoted by Mahendra Jain, Rajesh Jain, Roshan Jain, Sachin Sonigra and families.

Zyphar's biopharmaceuticals Private Limited:
ZBPL was incorporated in December 2021 and is engaged in manufacturing oncology API and intermediaries. Its manufacturing plant is at Pune, Maharashtra. The entity is promoted by Rajesh Jain and Dinesh Sakharia.

Consolidated – Brief Financials (₹ crore)	March 31, 2024^ (UA)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	199.37	221.65	232.50
PBILDT*	13.22	14.57	NA
PAT	6.52	6.57	NA
Overall gearing (times)	1.70	2.85	NA
Interest coverage (times)	2.91	2.61	NA

^Combined financials of ACLLP, ZPPL and ZBPL. Combined figures are net of inter-company eliminations.
A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Standalone ACLLP– Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	152.85	169.43	165.00
PBILDT	6.42	7.51	NA
PAT	3.01	3.52	NA
Overall gearing (times)	1.94	2.23	NA
Interest coverage (times)	2.04	1.97	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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/ ST-Working Capital Limits		-	-	-	28.00	CARE BB-; Stable / CARE A4

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-Working Capital Limits	LT/ST	28.00	CARE BB-; Stable / CARE A4				

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/ ST-Working Capital Limits	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	Arihant Chemist LLP	Full	Subsidiary
2	Zyphar's biopharmaceuticals Private Limited	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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