

IPL Biologicals Limited

March 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	131.50	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	0.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation to the ratings assigned to the bank facilities of IPL Biologicals Limited (IPLBL) factor in the working capital-intensive nature of operations, low profitability margins and intensive competition in the industry. The ratings also factor in the project stabilisation risk associated with company's recently concluded capex of setting up a manufacturing unit in Gujarat. Ratings take into cognizance the moderation in the operational profitability of the company during FY25 (refers to April 01, 2024 to March 31, 2025) owing to higher employee cost, mainly for marketing professionals, to support the growing scale of company. However, ratings derive strength from the experience and resourcefulness of the promoters. Ratings also take into account the growing scale of operations of the company which is further expected to improve supported by operationalisation of additional capacity at Gujarat Plant.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the operational performance of the company as reflected by PBILDT margin of more than 10% on a sustained basis.
- Improvement in the operating cycle of the company with average collection period less than 100 days

Negative factors

- Deterioration in the capital structure of the company reflected by overall gearing more than 1.50x on sustained basis.
- Deterioration in the operational performance of the company with TOI of less than Rs. 175.00 crores and PBILDT margin of less than 4% on a sustained basis

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall benefit from the experience of its promoters as well as its diversified revenue profile

Detailed description of key rating drivers:

Key weaknesses

Moderation in capital structure and debt coverage indicators

The company's capital structure witnessed a significant moderation during FY25 owing to substantial debt drawdown towards the capex for the new plant at Vadodara, Gujarat. Total debt increased to ₹106.03 crore as on March 31, 2025, from ₹20.83 crore as on March 31, 2024. Consequently, overall gearing deteriorated to 0.74x as on March 31, 2025, from 0.16x as on March 31, 2024, and further to 1.15x as on December 31, 2025 (9MFY26). Debt protection metrics also weakened, with Total Debt to GCA deteriorating to 21.28x in FY25 (FY24: 2.96x), while interest coverage moderated to 4.58x in FY25 from 9.57x in FY24 and further to 2.03x in 9MFY26. The moderation is attributable to increased borrowings coupled with relatively low accruals and higher interest costs. Going forward, improvement in accrual generation and stabilisation of operations post capex will remain critical for maintaining comfortable debt coverage indicators.

Project Stabilization at the new plant at Gujarat

The company's new manufacturing facility in Vadodara, Gujarat, commenced operations in October 2025. The total project cost at around ₹200 crore, funded through a mix of term debt (₹112 crore sanctioned) and promoter contribution. As on March 31, 2025, the term loan outstanding stood at ₹58.61 crore, increasing to ₹111.32 crore as on December 31, 2025, in line with the progress of the project. While the project has achieved operational commencement, the full scale of operations is expected to be visible from April 2026 onwards. The timely stabilisation of operations, efficient ramp-up to the envisaged utilisation levels, and ability to achieve the projected cost efficiencies remain key monitorable. Any delays in stabilisation or lower-than-expected ramp-up may exert pressure on the company's liquidity profile and debt coverage indicators.

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

Working capital intensive operations

The company's operations remain working capital intensive due to its dealer-driven distribution model. Although the operating cycle improved to 158 days in FY25 from 184 days in FY24, it continues to remain elongated. The average collection period stood at 142 days in FY25 (FY24: 163 days), while inventory holding improved to 38 days (FY24: 55 days). The creditor period stood at 23 days in FY25. Despite improvement in working capital parameters, the company reported negative cash flow from operations of ₹40.25 crore in FY25, primarily due to increased working capital requirements amid scale-up in operations. Furthermore, the debtors more than 6 months of the company have increased substantially to Rs. 30.41 crores as on March 31, 2025. Efficient working capital management will remain critical, especially in light of increased debt obligations.

Low profitability margins

Despite substantial growth in revenues, profitability margins remained subdued. PBILDT margin moderated to 4.44% in FY25 from 5.30% in FY24. The company reported a net loss of ₹0.45 crore in FY25 as against PAT of ₹3.15 crore in FY24, primarily due to higher interest costs, increased operating expenses and increase tax liability resulting from share buyback. Return indicators also weakened, with RONW declining to negative 0.33% in FY25. In 9MFY26, PAT stood at ₹1.19 crore, indicating modest recovery; however, margins remain susceptible to input price volatility and competitive pressures. Sustained improvement in operating margins and accruals will remain a key rating sensitivity.

Presence in highly competitive industry

The company operates in a highly competitive agro-biological inputs industry with presence of several established organised players as well as regional manufacturers. It also competes with agro-chemical companies which benefit from government subsidies and established distribution networks, enabling competitive pricing. The ability to differentiate products, maintain quality standards and expand market reach will be crucial to sustaining growth and profitability.

Key strengths**Growing scale of operations**

The company has reported improvement in its scale of operations during FY25. Income from Operations increased significantly to ₹219.24 crore in FY25 from ₹124.36 crore in FY24, registering a robust growth of ~76% on a y-o-y basis, primarily driven by higher sales volumes. Sales volumes stood at 9,238.79 MT in FY25 as against production of 10,104 MT, reflecting healthy offtake. The installed capacity stood at 10,500 MTPA in FY25, against which the company achieved a high-capacity utilisation of 96.22%. During 9MFY26 (refers to April 01, 2025, to December 31, 2025), the company continued to operate at elevated levels with capacity utilisation of 93.55% (production of 7,508 MT against installed capacity of 8,025 MT). Sustained high utilisation levels indicate strong demand for its microbial-based products and efficient operational management. Furthermore, additional capacity from the Gujarat plant would also be contributing to the operational performance of the company.

Diversified customer base with limited concentration risk

The company has a diversified customer profile comprising dealers and distributors across various states. The top five customers collectively accounted for a moderate portion of total revenues in FY25, with individual exposure remaining below 4% of total sales, thereby limiting significant counterparty concentration risk. However, geographically, a meaningful portion of revenues continues to be derived from northern states such as Uttar Pradesh and Punjab, exposing the company to regional agro-climatic and policy-related risks. Nonetheless, the diversified dealer network supports revenue stability to an extent.

Diversified product portfolio with predominantly domestic presence

The company manufactures a wide range of microbial-based agricultural inputs including bio-fertilisers, bio-fungicides, bio-insecticides, bio-stimulants and HD bio-fertilisers. The diversified product mix enables it to cater to varied crop and soil requirements. Revenue remains largely domestic in nature, with domestic sales increasing to ₹215.19 crore in FY25 from ₹120.32 crore in FY24. Export contribution, though present across regions such as South America, Africa, Europe and Asia, continues to remain modest at ₹3.68 crore in FY25. The company's plans to expand its export footprint and register products in foreign markets may support medium-term diversification.

Experienced promoters with established presence in biotechnology segment

The company is part of the M2K Group, which has presence across infrastructure & real estate, multiplexes & entertainment, and biological & aviation sectors. The promoters have over two decades of experience in the biotechnology business and are supported by a professional management team. Their industry experience and established relationships with distributors and suppliers continue to support operational growth and strategic expansion initiatives, including the upcoming Gujarat project.

Liquidity: Stretched

The liquidity profile of the company remains stretched, as reflected by its elongated operating cycle and negative cash flow from operations. Although the company is expected to generate gross cash accruals of Rs. 12–13 crores in FY26 against debt repayment obligations of Rs. 1.89 crores, its liquidity position is constrained by high reliance on working capital financing. The utilisation of working capital limits has increased to as high as ~90%, indicating limited buffer. Furthermore, the debtors more than 6 months for the company increased substantially to Rs. 30.41 crores 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](#)
[Financial Ratios – Non financial Sector](#)
[Pesticides & Agrochemicals](#)
[Short Term Instruments](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Fertilizers & Agrochemicals	Pesticides & Agrochemicals

IPLBL (erstwhile International Panaacea Ltd), was incorporated in 1994, is a part of the M2K group that is headed by Mr Mahesh Bhagchandka. The company manufactures biofertilizers, biopesticides and bio fungicides at its facilities in Haridwar, Uttarakhand and Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	124.36	219.24	167.80
PBILDT*	6.59	9.74	8.89
Profit after tax (PAT)	3.15	-0.45	1.19
Overall gearing (x)	0.16	0.74	1.15
Interest coverage (x)	9.57	4.58	2.03

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	February 2032	111.50	CARE BB+; Stable
Fund-based - LT-Working Capital Limits		-	-	-	20.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	0.50	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-Term Loan	LT	111.50	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Feb-25) 2)CARE BB+; Stable (29-Jul-24)	-	-
2	Fund-based - LT-Working Capital Limits	LT	20.00	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Feb-25) 2)CARE BB+; Stable (29-Jul-24)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	0.50	CARE A4+	-	1)CARE A4+ (07-Feb-25) 2)CARE A4+ (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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo 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.

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