Orchid Pharma Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	207.50	CARE BBB+; Stable	Downgraded from CARE A- and removed from Rating Watch with Developing Implications; Stable outlook assigned
Long-term / Short-term bank facilities	75.00	CARE BBB+; Stable / CARE A2	LT rating downgraded from CARE A-; Stable outlook assigned and ST rating reaffirmed and removed from Rating Watch with Developing Implications
Short-term bank facilities	84.00	CARE A2	Reaffirmed and removed from Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded ratings assigned to bank facilities of Orchid Pharma Limited (OPL) to CARE BBB+/CARE A2. Downgrade in ratings factors in deterioration in the company's operational performance in 9MFY26, driven by a demand slowdown and sustained pricing pressure, which have adversely impacted volumes and realisations. There has been a significant delay in implementation of the 7-ACA project, with the commercial operations date (COD) being deferred from FY25 to FY27. This also resulted in deferment of implementation of the downstream project at its Alathur facility.

CareEdge Ratings takes note of the scheme of amalgamation with Dhanuka Laboratories Limited (DLL), parent entity of OPL. DLL is an API manufacturer with predominant presence in unregulated markets. DLL has a relatively lower scale of operations compared to OPL, with standalone revenues in the range of ₹500–600 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins of ~7–8%. While proposed amalgamation is expected to support the combined capital structure through the adjustment of intra-group balances, overall profitability profile of the merged entity is likely to moderate, given DLL's lower margin profile and its exposure to unregulated markets.

Ratings also factor in the acquisition of international rights for Enmetazobactam, completed in Q3 FY26, which was previously out-licensed to Allecra by OPL. However, the scale-up of commercialisation of the new molecule and the cash flow contribution from this asset remain to be established. Taking note of these two developments, CareEdge Ratings has also removed ratings from rating watch on developing implications.

Ratings continue to be constrained by high concentration in select products and therapeutic segments, a moderate proportion of revenues from regulated markets, exposure to regulatory risks, and the company's continued dependence on imports for key raw materials, which exposes it to supply-chain and pricing volatility.

However, ratings continue to draw comfort from promoters' established experience in the pharmaceutical industry, the company's internationally accredited manufacturing facilities, its comfortable capital structure and satisfactory liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Timely completion of the capex at subsidiary and deriving benefits from the same as envisaged at a consolidated level.
- Improvement in scale of operations above ₹1000 crore with margins above 15% deriving benefits from expansion in regulated markets, receipt of royalty payments from new chemical entity (NCE).
- Improvement in leverage metrics, with total debt to PBILDT below 4.0x on a sustained basis.

Negative factors:

- Negative regulatory observations resulting in disruption of operations.
- Large debt funded capital expenditure resulting in deterioration of overall gearing above 1x.

Analytical approach: Consolidated

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

CareEdge Ratings has adopted consolidated approach for analysis as OPL, and its subsidiaries are in similar business with exposure to subsidiaries and likelihood of financial support for subsidiaries in the future. Details of subsidiaries are listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes that OPL will continue to benefit from its experienced promoters and their long track record in the pharmaceutical industry and comfortable capital structure.

Detailed description of key rating drivers

Key strengths

State-of-the-art manufacturing facility with approvals from regulated markets

OPL operates a state-of-the-art API manufacturing facility in Alathur, Chennai, dedicated to production of cephalosporin-based active pharmaceutical ingredients (APIs). The facility is approved and certified by leading global regulatory authorities, including the United States Food and Drug Administration (USFDA), the Medicines and Healthcare products Regulatory Agency, United Kingdom (MHRA), the European Directorate for the Quality of Medicines and HealthCare (EDQM), European Union Good Manufacturing Practice (EU GMP), Poland, the Pharmaceuticals and Medical Devices Agency, Japan (PMDA), the Central Drugs Standard Control Organisation and State Food and Drug Administration, India, the Ministry of Food and Drug Safety, Korea (MFDS), the Brazilian Health Regulatory Agency, Brazil (ANVISA), and the Therapeutic Goods Administration, Australia (TGA), reflecting its strong compliance framework and global quality standards. The company is one of the three global players with USFDA approval for cephalosporin-based sterile APIs, underscoring its technological capability and regulatory strength. In the formulations segment, as on March 2025, OPL holds 6 abbreviated new drug applications (ANDAs) in the generic formulation domain. In the API segment, the Company has made 48 cumulative United States Drug Master File (US DMF) filings, demonstrating its established presence in regulated markets.

Over three decades of experience of promoters in the pharmaceutical industry

Promoters (the Dhanuka Group) bring over three decades of experience in the pharmaceutical and agrochemical sectors. Their pharmaceutical expertise is through two entities, Dhanuka Laboratories Limited (DLL) and Synmedic Laboratories. DLL operates in the API segment with a strong presence in the cephalosporin API business, primarily catering to non-regulated and semi-regulated markets. Synmedic Laboratories, a partnership firm, is engaged in the formulations segment, exporting finished pharmaceutical products to non-regulated markets. Manish Dhanuka, Managing Director, OPL, is a Chemical Engineer from the Indian Institute of Technology Delhi and holds a master's degree in chemical engineering from the University of Akron, the United States. He began his career with Ranbaxy Laboratories Limited and has over 27 years of experience in the pharmaceutical industry.

Comfortable capital structure; albeit expected deterioration

The company's capital structure remains comfortable with an overall gearing of 0.20x as of March 2025 (PY: 0.19x). Of the total debt of ₹243 crore as of March 2025, ₹200 crore represents optionally convertible debentures (OCDs) issued to the holding company DLL, while external debt remains relatively low at ₹42.6 crore, primarily comprising working capital borrowings. However, overall gearing is expected to increase in the coming years due to the ongoing debt funded capital expenditure projects, which already commenced debt drawdown from FY26. As of December 2025, total external debt pertaining to ongoing capital expenditure projects stood at ~₹185 crore, which includes ~₹150 crore availed at OBPL. The proposed amalgamation is expected to support the combined capital structure, particularly through the adjustment of OCDs held by DLL. DLL has limited external debt, primarily comprising working capital borrowings, with the majority outstanding debt as of March 2025 comprising related party loans.

Commercialisation of NCE; AMS division and new products in pipeline

The company invented its own novel molecule, Enmetazobactam, becoming the first Indian-discovered antibiotic molecule to clear Phase 3 clinical trials. The molecule was outlicensed to Allecra Therapeutics in 2013 and was subsequently commercialised internationally in select countries in FY25 under the brand EXBLIFEP, with OPL earning royalty income from global markets, including the EU. It was also launched in India in September 2024 under the brand Orblicef. Following Allecra's bankruptcy in early FY2026, OPL entered agreements with the Insolvency Administrator of Allecra to acquire all assets related to Enmetazobactam. The acquisition was completed in Q3FY26, fully funded through internal accruals. Post-acquisition, OPL now holds 100% global ownership of Enmetazobactam (EXBLIFEP/Orblicef), including intellectual property, regulatory filings, trademarks, and commercial rights, restoring full strategic and commercial control. The company is actively engaging with global partners for further commercialisation of the molecule across new geographies. The resulting royalty income is expected to be

margin accretive and support the company's margin profile. However, the company's ability to scale this segment and translate into meaningful revenue contribution, remains to be demonstrated.

OPL entered a manufacturing sublicense agreement with GARDP to manufacture cefiderocol, which is still under the patent of Shionogi & Co Limited. OPL has exclusive agreement to manufacture this product and would manufacture the end-product not just the API.

OPL established an antimicrobial solutions (AMS) division to expand into the B2C hospital segment, marking a strategic shift from a pure-play API manufacturer to a formulations-focused player. The division markets the company's own products and third-party formulations and currently operates with a 40-member team and a network of over 100 hospitals. The company also expects to leverage this hospital network to drive domestic sales of Cefiderocol, for which it holds exclusive marketing rights in India, once commercial production commences.

Key weaknesses

Material moderation in operational performance

The company's operating performance deteriorated in the last few quarters, with pressure on volumes and realisations in the API segment, primarily due to sustained pricing pressure and slowdown in order inflows amid an oversupply situation in global markets. While total operating income (TOI) grew by ~12% year-on-year in FY25, operating profitability weakened, with PBILDT margins moderating to 13.39% from 14.28% in FY24, indicating onset of margin pressures. Pressure intensified from Q3 FY25 and continued into FY26, driven by a global slowdown in the antibiotics segment. This resulted in a 16% year-on-year decline in TOI to ₹573.72 crore in 9MFY26 from ₹684.45 crore in 9MFY25. Profitability was further impacted by inventory losses, as the company liquidated high-cost inventory procured at elevated prices at lower prevailing market rates, particularly in Q2 FY26. Consequently, operating margins declined sharply, with PBILDT margin reducing to 2.49% in 9MFY26 from 13.03% in the corresponding period of the previous year, and the company reported a net loss in the period. The extent and pace of recovery in demand and pricing environment, and the company's ability to restore margins and improve profitability, will remain key rating monitorable.

Concentrated product portfolio

The major products of OPL and DLL remain cephalosporin-based APIs that are mainly used in anti-bacterial, antibiotic and anti-inflammatory formulations. While the company has a wide range of products within this portfolio, revenue remains concentrated in top two products, Cefixime and Cefuroxime Axetil, which account for ~67% of total consolidated revenue in FY25. These key products are among the essential bulk drugs listed by the Government of India to reduce dependence on Chinese imports. This concentration in cephalosporin APIs for its major business exposes the company to risks associated with the cephalosporin API market.

Exposure to regulatory risk

The company majorly caters to unregulated or semi-regulated markets, with sales in regulated markets accounting for ~40% in FY24, declining to 36% in FY25 and 32% in H1 FY26. A significant portion of its revenue comes from exports, which contributed 86% of total sales in FY25, but this share decreased to 77% in H1 FY26.

The pharmaceutical industry is highly regulated and requires approvals, licences, registrations and permissions for conducting business activities. The approval process for a new product registration is complex, lengthy and expensive. The time taken to obtain approval varies across countries and authorities, usually taking a minimum of six months to several years from the date of application. Delay or failure in obtaining approvals for new product launches could adversely affect the company's business prospects.

Debt-funded Capex projects with significant delay elevate execution risk

OPL has two major capital expenditure projects being undertaken presently, aimed at backward integration and diversification into other sterile injectable manufacturing.

Through its subsidiary, Orchid Bio Pharma Limited (OBPL), OPL is setting up a 1,000 metric tonne per annum (MTPA) 7-ACA manufacturing unit in Jammu under the production linked incentive (PLI) scheme, at a total cost of ₹596 crore (debt: ₹447 crore; internal accruals/qualified institutional placements [QIP]: ₹149 crore). The project benefits from GST exemptions, interest subvention, and PLI incentives. The project was originally envisaged to be operational by FY25, however, the project implementation faced delays due to land-related challenges and adverse weather conditions, with expected completion now revised to February 2027. As on December 2025, the company incurred ₹285 crore (~48% of project cost), funded through a

mix of debt (~₹150 crore) and internal accruals and QIP proceeds. The planned capacity utilisation envisages ~25% for captive consumption, ~50% for downstream value addition, and the balance for third-party sales. Associated debt includes a moratorium period, with repayments largely scheduled to commence from H1FY28.

OPL is also setting up a vial lyophilization facility for manufacturing cefiderocol injection under a manufacturing sub-license agreement with GARDP, at a total cost of ₹190 crore, of which ₹142.5 crore is expected to be debt funded. As of December 2025, the company incurred ₹96 crore (~51% of project cost), with debt funding of ₹35 crore. Commercial operation of this project is expected by Q4FY27 subject to regulatory approvals while servicing of the associated debt scheduled to commence from November 2026.

The company also planned an additional capex of ~₹100 crore for the Alathur downstream facility, aimed at processing 7-ACA into downstream intermediates. This facility will convert 7-ACA produced at OBPL for both captive use and external sale to other pharmaceutical companies. The project was expected to be primarily funded through internal accruals, with ~₹99.82 crore initially earmarked from QIP proceeds. However, in Q2 FY26, the QIP allocation was revised toward other objects. As a result, the downstream project has been deferred, and its progress is now contingent on the timely progress of the 7-ACA facility.

Given the scale of the projects and proximity of debt repayment timelines to the expected commercial operation, timely completion within envisaged cost and timelines, and successful ramp-up of operations and generation of adequate accruals, will remain key rating monitorable.

Liquidity: Adequate

Liquidity profile is adequate with satisfactory cash accruals against nil term debt repayments in FY26 and ~₹14 crore in FY27. Operations are working capital intensive, with the company availing ~60-90 days' credit period from suppliers and ~2-3 months' credit period provided to customers. Average working capital utilisation for 12 months ended October 2025 stood low at 25% and working capital outstanding is almost nil as of February 2026, as the company repaid working capital borrowings using QIP funds in Q3FY26. On a consolidated basis, OPL had a cash and bank balance of ~₹148.52 crore as of September 30, 2025, which includes unutilised earmarked QIP proceeds of ~₹116.44 crore, of which the company utilised ~₹54 crore in Q3FY26.

Environmental, social and governance (ESG) risks

Environmental	The company operates a Zero Liquid Discharge (ZLD) system and advanced treatment facilities to effectively manage liquid and gaseous emissions. The system ensures proper treatment and recycling of effluents in line with environmental standards. Effluents generated from operations are scientifically treated through a multi-stage process to ensure removal of contaminants and maximum water recovery. Treated water is reused within the plant, supporting sustainable water management practices. Appropriate air pollution control systems are installed to regulate particulate emissions, and ambient air quality and stack emissions are continuously monitored to ensure regulatory compliance. Hazardous waste is handled, stored, and disposed of through authorized agencies in accordance with applicable environmental regulations. The company celebrated World Environment Day on 5th June 2025 by undertaking tree plantation activities within the factory premises to promote environmental awareness among employees.
Social	The company places strong emphasis on employee health, safety, and skill development through structured training programs and continuous learning initiatives. With guidance from DuPont and sustained leadership commitment, OPL strengthened its safety culture in the last two decades, supported by an active Central Safety Committee that reviews safety performance and risk mitigation measures regularly. A strong focus on behavioural safety, safety observations, audits, and risk assessment tools enabled the company to maintain high safety standards, resulting in FY24–25 being a zero-reportable-incident year. Beyond workplace safety, OPL contributes to community development through initiatives in education, health, skill development, and safety awareness programs in nearby communities as part of its CSR commitment.
Governance	The company complies with Regulation 34(3) read with Schedule V of the SEBI Listing Regulations. The Board consists of eight directors, including four independent directors, enabling effective corporate governance.

Applicable criteria

Consolidation
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

Established in 1992, OPL is an integrated pharmaceutical company with presence in bulk drug manufacturing and formulations. The company was acquired by DLL under corporate insolvency resolution process (CIRP) by the National Company Law Tribunal (NCLT) and the resolution plan was implemented on March 31, 2020. At present, OPL has three manufacturing facilities in Alathur, Chennai. The API unit at Alathur, Chennai is USFDA-certified and has regulatory approvals from other regulated markets.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	826.10	928.36	573.72
PBILDT*	117.98	124.32	14.26
Profit after tax (PAT)	92.17	99.47	-1.77
Overall gearing (x)	0.19	0.20	NA
Interest coverage (x)	7.05	8.32	1.40

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-Cash Credit		-	-	-	65.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	November 2031	142.50	CARE BBB+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	75.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-BG/LC		-	-	-	84.00	CARE A2

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (30-Nov-23)
2	Non-fund-based - ST-BG/LC	ST	84.00	CARE A2	-	1)CARE A2 (RWD) (07-Aug-25)	1)CARE A2 (RWD) (10-Mar-25)	1)CARE A2 (RWD) (15-Dec-23) 2)CARE A2 (30-Nov-23)
3	Fund-based - LT-Cash Credit	LT	65.00	CARE BBB+; Stable	-	1)CARE A- (RWD) (07-Aug-25)	1)CARE A- (RWD) (10-Mar-25)	1)CARE A- (RWD) (15-Dec-23) 2)CARE A-; Stable (30-Nov-23)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	75.00	CARE BBB+; Stable / CARE A2	-	1)CARE A- / CARE A2 (RWD) (07-Aug-25)	1)CARE A- / CARE A2 (RWD) (10-Mar-25)	1)CARE A- / CARE A2 (RWD) (15-Dec-23) 2)CARE A-; Stable / CARE A2 (30-Nov-23)
5	Fund-based - LT-Term Loan	LT	142.50	CARE BBB+; Stable	-	1)CARE A- (RWD) (07-Aug-25)	1)CARE A- (RWD) (10-Mar-25)	1)CARE A- (RWD) (15-Dec-23) 2)CARE A-; Stable

								(30-Nov-23)

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - ST-BG/LC	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	Orchid Pharmaceuticals Inc.	Full	Subsidiary
2	Orgenus Pharma Inc.	Full	Subsidiary
3	Orchid Pharma Inc. / Karalex Pharma	Full	Subsidiary
4	Orchid Pharmaceuticals SA (Proprietary) Limited (up to 31st January 2024)	Full	Subsidiary
5	Bexel Pharmaceuticals Inc.	Full	Subsidiary
6	Diakron Pharmaceuticals Inc.	Full	Subsidiary
7	Orchid Bio-Pharma Limited	Full	Subsidiary
8	Orchid Pharma Europe GmbH (from 30th July 2025)	Full	Subsidiary
9	Orbion Pharmaceuticals Private Limited	Moderate	Associate

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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About us:

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