IOL Chemicals and Pharmaceuticals Limited

July 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	200.00	CARE A+; Stable	Reaffirmed
Short-term bank facilities	500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of IOL Chemicals and Pharmaceuticals Limited (IOL) continues to derive strength from experienced promoters and management team, long track record of operations of over three decades with diversified product portfolio and well-established market position in its key product, Ibuprofen. Ratings also continue to take comfort from integrated operations resulting into favourable overall cost structure. CARE Ratings Limited (CareEdge Ratings) believes that IOL's competitive advantage in manufacturing Ibuprofen is expected to sustain in the medium term, as the company is one of the major global players and is backward integrated in terms of raw material required for manufacturing Ibuprofen. Ratings further continue to derive comfort from strong financial risk profile characterised by healthy net worth base low outstanding debt and strong liquidity position and continued thrust of the company on diversification in active pharmaceutical ingredient (API) segment. However, ratings continue to remain constrained by higher product concentration of two key products, Ibuprofen and ethyl acetate, which together accounted for ~68% of total sales in FY26. Ratings also continue to remain constrained by operating margin susceptibility to raw material price volatility, especially in chemical segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving operating performance, resulting in growth of over 15% in total operating income (TOI) and sustained earnings before interest, taxation, depreciation, and amortisation (EBIDTA) margin of over 15%.
- Diversifying product portfolio and reducing dependency on its main product Ibuprofen and ethyl acetate to below 65% in the overall TOI.
- Improving total debt to gross cash accruals (TD/GCA) to below 1.20x on a sustained basis.

Negative factors

- Significantly declining TOI by over 20% y-o-y and PBILDT margin declining below 10% on a sustained basis.
- Any major debt-funded capex/acquisition, adversely impacting capital structure with overall gearing of over 0.5x.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' opinion that the company will continue to benefit from established market position in its key products, integrated operations, and experienced promoters and management team.

Detailed description of key rating drivers:

Key strengths

Established market position in Ibuprofen and diversified product portfolio with integrated operations
IOL is among the leading global manufacturers of Ibuprofen with an installed capacity of 12,000 MTPA and enjoys a longstanding presence in the chemicals and pharmaceutical industries. The company operates an integrated manufacturing facility at Barnala, Punjab, with installed capacities of 176,400 MTPA in chemicals and 30,822 MTPA in pharmaceuticals as on March 31, 2026. The company derives benefits from backward integration through in-house production of key intermediates such as Iso Butyl Benzene,

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

Acetyl Chloride and Mono Chloro Acetic Acid, which are major raw materials required for manufacturing Ibuprofen. This integration provides greater control over supply chain costs and supports operating efficiencies.

Over the years, IOL has undertaken conscious efforts to diversify its revenue profile beyond Ibuprofen. While the company majorly depended on Ibuprofen sales in the past, revenue contribution from Ibuprofen reduced to ~34% of total sales in FY26 (PY: 35%). The company has expanded its portfolio of APIs through products such as Metformin, Paracetamol, Clopidogrel, and Pantoprazole, while simultaneously strengthening its chemicals business through products including Ethyl Acetate, Acetic Anhydride and Mono Chloro Acetic Acid. The recently completed expansion of Paracetamol capacity to 10,800 MTPA and ramp-up in Acetic Anhydride operations are expected to further support product diversification over the medium term. The company also benefits from established regulatory approvals, including United States Food and Drug Administration (USFDA) approval for its Ibuprofen manufacturing facility, certification for key APIs and approval from China's National Medical Products Administration (NMPA) for export of Ibuprofen, which enhances its access to regulated and semi-regulated markets.

Healthy financial risk profile characterised by strong capital structure and comfortable debt protection metrics

IOL continues to maintain a healthy financial risk profile supported by comfortable leverage and healthy debt coverage metrics. The company reported a tangible net worth (TNW) of ₹1,785.60 crore as on March 31, 2026, compared to ₹1,675.07 crore as on March 31, 2025, supported by steady accretion of profits. Capital structure remained comfortable with overall gearing of 0.24x and total outside liabilities to TNW (TOL/TNW) of 0.39x as on March 31, 2026. The company reported improvement in operational performance in FY26 (refers to April 01, 2025, to March 31, 2026) with TOI increasing by ~11% to ₹2,323.57 crore, driven primarily by higher sales volumes across major products, including Ibuprofen, Ethyl Acetate, Acetic Anhydride, and Paracetamol. PBILDT margin improved to 11.81% in FY26 from 10.09% in FY25, while profit after taxation (PAT) margin improved to 5.93% from 4.84% in the same period. Debt protection metrics remained comfortable with PBILDT interest coverage improving to 18.86x in FY26 from 14.27x in FY25 and TD/GCA improving to 1.93x from 2.13x despite moderate increase in working capital borrowings. The company's financial flexibility is further supported by healthy liquidity in the form of cash and liquid investments of ~₹231 crore as on March 31, 2026. With the majority future capex expected to be funded through internal accruals, the financial risk profile is expected to remain strong over the medium term.

Healthy operating efficiencies and diversified customer profile

The company has demonstrated healthy operating performance with capacity utilisation improving across most product categories in FY26. Capacity utilisation in the chemicals segment moderated slightly to ~91% in FY26 from 96% in FY25, while utilisation in the pharmaceuticals segment increased to ~75% from 63% in the same period. Key products such as Ethyl Acetate, Acetic Anhydride, Ibuprofen, and Metformin continue to operate at healthy utilisation levels, indicating established market acceptance and efficient asset utilisation. The company has a diversified customer base across domestic and export markets with no single customer accounting for a significant proportion of revenue. The top 10 customers contributed ~19% of total sales in FY26 compared to ~20% in FY25, mitigating customer concentration risks. Exports contributed ~24% of total sales in FY26 and were spread across multiple geographies, including Europe, Latin America, Asia and the Middle East, reducing dependence on single export market.

Key weaknesses

Moderate product concentration despite ongoing diversification initiatives

Despite significant progress in diversifying its product portfolio, IOL continues to derive a substantial portion of its revenue from two products, namely Ibuprofen and ethyl acetate, which together accounted for ~68% of total sales in FY26, slightly lower than FY25 levels. Consequently, the company's revenue and profitability remain exposed to demand-supply dynamics, competitive intensity and pricing movements in these products. While contribution from other APIs such as Paracetamol, Metformin, Clopidogrel, and Pantoprazole has increased over the years and additional capacity expansions are expected to support diversification, meaningful reduction in concentration levels remains a key monitorable.

Susceptibility of profitability to raw material price volatility and cyclical industry dynamics

The company's profitability remains exposed to fluctuations in prices of key raw materials including Acetic Acid, Specially Denatured Spirit, Propylene, Sodium Metal and imported intermediates. Although IOL benefits from backward integration for several key intermediates and generally passes on raw material price movements to customers, there can be timing mismatches between changes in input costs and product realisations, affecting profitability. a significant portion of the company's revenues is derived from commodity-like products such as Ibuprofen and Ethyl Acetate, where pricing is influenced by global demand-supply conditions, competitive intensity and capacity additions by industry participants. The sharp moderation in Ibuprofen prices witnessed after the COVID-19 period demonstrates the inherent cyclicality associated with the industry. Sustained pressure on product realisations or adverse movement in raw material costs could impact operating margins.

Exposure to regulatory, environmental and operational risks inherent in pharmaceutical manufacturing
The pharmaceutical industry is highly regulated in many countries and requires approvals, licenses, registrations and permissions for business activities with scrutinise by agencies such as US FDA and EU GMP for exports in the respective markets. Delays or failures in getting approval for new product launch could adversely affect the company's business prospects. However, the company's manufacturing facility of Ibuprofen has been approved by the USFDA in FY20 and recently from the Centre for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA), China in April 2025. The company has also received approvals from pollution control board to ensure regulatory requirements against air and water pollution. IOL's products are not covered under Drug Price Control Order (DPCO).

Liquidity: Strong
The company's liquidity profile is strong with average fund-based working capital utilisation of ~60% for 12-months ending May 2026, indicating sufficient buffer in working capital limits. The company had an operating cycle of 73 days as on March 31, 2026 (PY: 78 days). The collection period is at 87 days (PY: 86 days), while average creditor period comes at 80 days (PY: 86 days) as on March 31, 2026. The company had healthy free cash and cash equivalents of ₹231.02 crore. Current ratio stood at 1.82x (PY: 1.82x) as on March 31, 2026. The company has no term debt obligations and continues to maintain a strong liquidity profile, supported by a healthy GCA of ₹224 crore in FY26, which is expected to improve further in FY27.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	1. The company has been focusing to minimise adverse impact on environment, health, and safety by upgrading technology, optimum utilisation of resources and minimising effluent/waste generation. 2. The company has been complying with applicable statutory and legal requirements and providing safe working environment/workplace by imparting training to all employees. 3. The company has initiated using biofuels in its captive co-generation plant (17 MW capacity) to reduce its carbon footprint. 4. The company has installed a Continuous Air Quality Monitoring System (CAQMS) to monitor real time concentration of all key pollutants in ambient air.
Social	1. The company is committed towards making a difference in the lives of communities surrounding its operations through CSR efforts. 2. The company has constructed and renovated schools and provided technical equipment for smart education. 3. The company did plantation in villages for restoring the environment. 4. The company provided primary healthcare including sanitation and community development by providing computers to schools.
Governance	1. The company has put in place a sound and well-structured corporate governance framework to operate more efficiently and ensure that best interests of its stakeholders are always upheld. Its Board and its committees, together with a strong executive leadership, helps it maintain highest standards of transparency, accountability, and awareness in its operations.

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 & Biotechnology	Pharmaceuticals

IOL was incorporated as a public limited company on September 29, 1986, by Varinder Gupta and Rajinder Gupta to setup acetic acid manufacturing facility. IOL's manufacturing facility is at Barnala, Punjab, having total blended capacity of 207,222 metric tonne per annum (MTPA) as on March 31, 2026. IOL is involved in manufacturing chemicals (ethyl acetate, acetyl chloride, and iso-butyl benzene) and APIs (Ibuprofen, metformin, and paracetamol).

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	2,087.55	2,323.57
PBILDT*	210.69	274.36
Profit after tax (PAT)	101.00	137.72
Overall gearing (x)	0.24	0.24
Interest coverage (x)	14.27	18.86

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-Working Capital Limits	-	-	-	-	200.00	CARE A+; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	500.00	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 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	Non-fund-based - ST-BG/LC	ST	500.00	CARE A1+	-	1)CARE A1+ (04-Jul-25)	1)CARE A1+ (05-Nov-24) 2)CARE A1+ (28-Jun-24)	1)CARE A1+ (30-Jun-23)
2	Fund-based - LT-Working Capital Limits	LT	200.00	CARE A+; Stable	-	1)CARE A+; Stable (04-Jul-25)	1)CARE A+; Stable (05-Nov-24) 2)CARE A+; Stable (28-Jun-24)	1)CARE A+; Stable (30-Jun-23)

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-Working Capital Limits	Simple
2	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 Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 120-4452000 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Rajan Sukhija Associate Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Abhay Wanchoo Lead Analyst **CARE Ratings Limited** E-mail: Abhay.Wanchoo@careedge.in

About us:
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