Makers Laboratories Limited

September 04, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	8.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of rating on bank facilities of Makers Laboratories Limited (MLL) continues to derive comfort from experience of its promoters in the pharmaceutical industry and their association with IPCA Laboratories Limited (IPCA). The rating further derives strength from MLL's growing scale of operations, improving profitability, diversified product portfolio, comfortable financial risk profile, and long-standing supplier network. There has been substantial increase in sales volume of products of Resonance Specialities Limited (RSL), a subsidiary of MLL, for two years ended FY26, considering healthy demand from its end-user industry such as nutraceutical, pharma-intermediate and agro-chemicals. Operating leverage and improving product mix also led to improvement in operating profit margin. Rating also factors stable demand environment for end user industry of MLL's and RSL's products.

However, rating strengths are constrained considering susceptibility of its operating performance to raw material price volatility, foreign exchange rate fluctuations and exposure to regulatory risk. CARE Ratings Limited (CareEdge Ratings) also notes sizable, proposed acquisition by RSL in FY27. Timely integration of operations of acquired business and realising envisaged benefits from it remains key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.
- Sizeable growth in its scale of operations.

Negative factors

- Deterioration in capital structure with overall gearing above 0.50x.
- Significant dilution in promoter shareholding in the company.

Analytical approach: Consolidated

CareEdge Ratings has taken consolidated approach to arrive at ratings of MLL, considering operational, financial and management linkages with its subsidiary, RSL. Ratings also factor in the support MLL derives from its linkages with IPCA, where both companies have significant common promoters and shareholders. MLL receives need based financial support from its promoter entities. Entities consolidated are listed under Annexure-5.

Outlook: Stable

CareEdge Ratings believes MLL will continue to benefit from its experienced promoter group and their long-standing experience in the pharmaceutical industry, diversified product portfolio, and comfortable financial risk profile.

Detailed description of key rating drivers

Key strengths

Experienced and resourceful promoters with established track record in pharmaceutical industry

MLL benefits from extensive experience and resourcefulness of its promoters, who are also the promoters of IPCA. Premchand Godha, Chairman of IPCA and one of the promoters of MLL, has over four decades of experience in the pharmaceutical industry. He is a Chartered Accountant with over four decades of experience in the Pharmaceutical Industry. He has been instrumental in turning around IPCA from a sick unit in 1975 to a profitable international pharmaceutical company. The company's day-to-day operations are managed by a team of qualified and experienced professionals, including Nilesh Jain and Saahil Parikh. Nilesh Jain is a whole-time director and holds a BCom degree and a master's in management studies from Mumbai University. He has over 20 years of experience in materials management, marketing, and business development. Saahil Parikh, a non-executive director,

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[1]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

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

previously a whole-time director, holds a BSc in Biochemistry from Gujarat University and a Diploma in Management Studies from the Ahmedabad Management Association. He has over two decades of experience in the pharmaceutical industry across production, quality control, project management, and general management. The company also benefits from need-based financial and operational support extended by the promoter group and group companies, including IPCA, as demonstrated in the past.

Diversified business segments backed by approved manufacturing facilities
MLL operates in the pharmaceutical formulations segment, with a focus on generic products across therapeutic categories including anti-malarial, antibiotic, antibacterial, anti-inflammatory, analgesic, anti-diabetics in the domestic market. The company procures its products on procure-to-pay (P2P) basis and loan licensing basis from companies in the excise free zone of Himachal Pradesh and Uttarakhand. Vendor facilities are fully certified, including current good manufacturing practice (CGMP). MLL's manufacturing facility is CGMP-certified. The company also handles job-work for manufacturing of injectables (anti-malarial) and ophthalmic formulations solely for IPCA.

MLL's subsidiary, RSL is engaged in the manufacture and marketing of speciality chemicals, such as picoline acids, lutidine, cyanopyridines, zinc picolinate and other value-added intermediates used across the pharmaceutical, agrochemical and nutraceutical industries. RSL's operations provide business diversification to MLL beyond its existing formulations business.

Established supplier relationships and PAN India distribution network
MLL's long-standing presence in the pharmaceutical industry and association with IPCA, has enabled it to develop strong and dependable relationships with approved suppliers and third-party manufacturers. On the distribution side, the company has an established pan-India network comprising consignment agents, super stockists, stockists and a field force. MLL has also adopted a 'direct-to-chemist' model under its Maximus division. The company supplies these products through depots across regions, which facilitates closer engagement with chemists, improves control over product availability, provide savings in intermediary commissions and reduces dependence on traditional distributors.

Sustained improvement in operating performance
MLL's operating performance improved consistently in the last few years, supported by healthy volume growth, particularly in the speciality chemicals segment amid sustained demand. The company's total operating income (TOI) grew by ~17% in FY26 (y-o-y). The speciality chemicals segment remained the key revenue driver, contributing over 60% to consolidated TOI in FY26. PBILDT margin also witnessed sustained improvement, from 1.46% in FY24 to 11.30% in FY26, aided by a favourable product mix, and operating leverage. Growth continued in Q1FY27, with revenue growing by ~22% in Q1FY27 (y-o-y). PBILDT margin further expanded to 16.28% in the quarter.

Operating margin in recent quarters, also benefited from inventory gains. Consequently, the operating margin reported in Q1FY27 is unlikely to be sustained and is expected to moderate with the normalisation of such gains. Nevertheless, supported by increased scale of operations, a favourable product mix and healthy profitability in speciality chemicals segment, MLL's consolidated PBILDT margin is expected to remain healthy in the medium term.

Comfortable financial risk profile
The company has a comfortable financial risk profile, marked by overall gearing of 0.10x as on March 31, 2026 (March 31, 2025: 0.06x). Total debt increased to ~₹12 crore in FY26 considering higher letter of credit (LC) backed creditors and increased working capital borrowings. Despite increase in debt levels, debt coverage indicators remained comfortable, with total debt to gross cash accruals (TD/GCA) at 1.02x in FY26 (FY25: 0.45x), and TD/PBILDT ~0.78x in FY26 (FY25: 0.79x).

The company might avail incremental debt in the form of inter-corporate deposits (ICDs) from group companies to partly fund the acquisition of a manufacturing facility by RSL from Kaygee Laboratories Private Limited (one of promoter group entity). Nevertheless, its financial risk profile is expected to remain comfortable even after considering the proposed incremental borrowing.

Liquidity: Adequate
MLL's cash accruals are expected to remain sufficient to meet its scheduled repayments of ~₹1.03 crore in FY27 and FY28, each. Fund-based limit utilisation stood at 77% for 12 months ended June 30, 2026, providing additional cushion to meet its incremental working capital requirements in the medium term. MLL on a consolidated basis had cash and cash equivalents of ~₹12 crore as on March 31, 2026. The company would only incur maintenance capex in the medium term, apart from the proposed acquisition of a manufacturing facility from Kaygee Laboratories Private Limited. Cash and cash equivalents available as on March 31, 2026, are proposed to be used for acquisition of manufacturing facility.

With an overall gearing of 0.10x as on March 31, 2026, the company has sufficient gearing headroom to raise additional funds, if required. Furthermore, the company has received timely, need-based financial support from its promoters and group companies, in the past. This support is expected to continue and provide comfort to the company's liquidity position.

Key weaknesses

Profitability susceptible to volatile raw material prices and foreign exchange fluctuation risk

MLL's operations remain exposed to volatility in the prices of active pharmaceutical ingredients (APIs), excipients, and petrochemical-based feedstocks used in manufacturing its products. Prices of these inputs are influenced by crude oil, natural gas, methanol and broader petrochemical cycles, global supply chain conditions and demand-supply imbalances. A sharp increase in raw material prices can pressurise operating profitability when such increase in costs cannot be passed on immediately because of competitive pressures, regulated pharmaceutical prices or fixed-price customer arrangements.

The company's operations also remain susceptible to foreign exchange fluctuations. While MLL's standalone operations are predominantly domestic and generate negligible foreign-currency inflows, RSL derived ~59% of its FY26 TOI exports to markets including the US, China, Spain and other Asian and European countries. RSL also imports 30-40% of its raw material requirements, resulting in sizeable foreign-currency payables. Since a significant portion of both its export receivables and import payables is denominated in US dollars, the offsetting exposures provide a partial natural hedge. However, the hedge may not be complete because of differences in amount and timing of receivables and payables, leaving the group exposed to currency movements on its net open position. To mitigate this risk, RSL regularly monitors currency wise exposures, and avoids borrowing in currencies in which it does not have an underlying business exposure. The company has incurred foreign exchange gains of ~₹1.17 crore in FY26 (FY25: ~₹0.39 crore).

Proposed acquisition related uncertainties in near term

RSL will acquire a manufacturing facility from Kaygee Laboratories Private Limited (one of promoter group entities) on a slump sale basis for ~₹30 crore. The acquisition will be primarily funded by available liquid surplus as on March 31, 2026, internal accruals in H1FY27 and ICDs from related parties (if there is any shortfall). The facility being acquired is engaged in manufacturing key base materials and pharma intermediates, some of which are used by RSL as raw materials. Timely integrating acquired asset into RSL's operations and realising envisaged benefits out of acquisition remains key monitorable. Acquisition related risks are partially mitigated considering comfortable funding profile of acquisition and long experience of promoters in pharmaceutical industry.

Exposure to regulatory risk

MLL remains exposed to regulatory risks across both businesses operating in pharmaceutical and chemical industry. The pharmaceutical industry is highly regulated and requires approvals, licenses, registrations, and permissions for conducting business activities. 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. Delays or failure in getting approvals for new product launch could adversely affect the company's business prospect. The chemical industry in general is regulated by stringent regulatory and pollution control norms which companies need to strictly adhere to. Strict adherence to pollution control norms is essential for the un-interrupted operations. Companies have to regularly upgrade and invest in line with evolving regulatory requirements. Non-adherence with these regulations could interrupt company's operations or tightening regulatory norms could lead to higher operational costs or potential disruptions.

Applicable criteria

Consolidation
Factoring Linkages Parent Sub JV Group
Definition of Default
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in July 1984, MLL is an Indian pharmaceutical company manufacturing and trading generic formulations. Premchand Godha, Managing Director, IPCA, is also MLL's promoter. MLL primarily markets generic formulations in the domestic market under major general health therapeutic segments such as anti-malarial, antibiotic, antibacterial, anti-inflammatory, analgesic, anti-diabetics, and other common diseases. The company gets it products manufactured on P2P basis in facilities of companies situated in Himachal Pradesh and Uttarakhand. The company also handles job-work for manufacturing injectables (anti-malarial) solely for IPCA. The company adheres to all requisite quality norms to ensure best quality for its products.

In September 2020, MLL acquired controlling stake in RSL, a chemical manufacturing and marketing company. RSL is engaged in manufacturing and marketing pyridine, picolines, cyanopyridines, drug intermediates, and API at its manufacturing unit in Tarapur, Boisar, Palghar District (Maharashtra). MLL acquired 45.48% stake in RSL for cash consideration of ₹22.37 crore. MLL took over RSL's board on December 21, 2020. Acquisition of controlling shareholding in RSL has enabled MLL enter speciality chemicals and API businesses.

Brief Financials (₹ crore) - Consolidated	FY25 (A)	FY26 (A)	Q1FY27 (UA)
Total operating income	121.13	141.74	42.77
PBILDT	8.98	16.01	6.96
Profit after tax (PAT)	10.91	7.86	4.60
Overall gearing (x)	0.06	0.10	NA
Interest coverage (x)	6.98	18.82	46.86

A: Audited UA: Unaudited; NA: Not available
Note: these are latest financial results available
Financials are reclassified per CareEdge Ratings' standards.

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits	RBI	Simple	-	-	-	-	4.00	CARE BBB+; Stable
Fund-based - LT-Working Capital Limits	RBI	Simple	-	-	-	-	4.00	CARE BBB+; Stable

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 (03-Sep-25)	1)CARE BBB+; Stable (08-Oct-24)	1)CARE BBB+; Stable (05-Feb-24)
2	Fund-based - LT-Working Capital Limits	LT	8.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (03-Sep-25)	1)CARE BBB+; Stable (08-Oct-24)	1)CARE BBB+; Stable (05-Feb-24)

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here]

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Resonance Specialities 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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