Brooks Laboratories Limited

November 12, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	7.80	CARE BB+; Stable	Upgraded from CARE BB; Stable
Short-term bank facilities	RBI	4.20	CARE A4+	Upgraded from CARE A4

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the rating assigned to bank facilities of Brooks Laboratories Limited (BLL) factors in significant improvement in its liquidity and financial risk profile following receipt of funds to the tune of ₹106.33 crore from partial divestment of its stake in Brooks Steriscience Limited. The same is expected to strengthen the company's capital structure, reflected in improvement in its debt coverage metrics and adjusted overall gearing levels. The resultant financial flexibility is likely to support its planned capital expenditure requirements and provide adequate headroom for business expansion and operational growth.

The rating further factors in the substantial reduction in contingent liabilities, with the outstanding corporate guarantee exposure reducing to ~₹48.15 crore as on the latest date from ~₹116.77 crore as on March 31, 2026.

The operating performance also witnessed improvement in FY26 (refers to April 01, 2025 to March 31, 2026), with the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin increasing to 8.88% from 6.03% in the previous year, supported by a better product mix, enhanced procurement efficiencies, and higher contribution from the manufacturing segment. Going forward, profitability is expected to remain healthy, with operating margins estimated in the range of 10-11%, aided by capacity expansion and improvement in scale of operations.

However, these strengths are constrained by the company's modest scale of operations, exposure to a highly regulated and competitive pharmaceutical industry, and the residual corporate guarantee exposure towards associate company's debt. These risks are mitigated to an extent by the company's experienced management, and established track record of operations.

CARE Ratings Limited (CareEdge Ratings) takes cognisance of the proposed demerger of the manufacturing business of BLL into its wholly owned subsidiary, Abridge Speciality Limited (ASL). Upon implementation of the scheme and receipt of necessary regulatory approvals, ASL will house the manufacturing business and will be renamed Brooks Laboratories Limited, while the existing BLL entity is proposed to be renamed Xuri Lifesciences Limited or any other appropriate name approved by ROC. The proposed demerger is expected to enhance operational focus and management oversight through segregation of business activities. This is likely to support improved execution efficiency and strengthen the business risk profile of the respective entities over the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations with total operating income (TOI) above ₹100 crore and profit before interest, lease rental, depreciation and taxation (PBILDT) above 7.00%, on a sustained basis.
- Reduction in the corporate guarantee backed debt alongside investment in the associate entity, leading to adjusted overall gearing of 1.5x on a sustained basis.

Negative factors

- Significant decline in the company's scale of operations or profitability margins as marked by PBILDT margin below 3.50% on a sustained basis.
- Any major debt-funded capex or increase in dependence on working capital borrowings, resulting in significant deterioration in the capital structure and liquidity position.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CareEdge Ratings' expectation that the entity would continue to benefit from its experienced promoters and established track record of operations.

[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 the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key weaknesses

Modest scale of operations

The company's scale of operations remained largely stable at ₹86.26 crore in FY26, primarily due to subdued performance in the trading segment. While the company maintains an established export presence across multiple geographies, including African countries, Southeast Asia, Afghanistan, Yemen, and Sudan, business growth during the year was impacted by various export-related challenges arising from the ongoing geopolitical uncertainties in the Middle East region, which led to delays in order execution and dispatches.

Revenue growth remained constrained by regulatory approval-related delays, pricing challenges in certain export markets, and temporary supply chain disruptions. These factors collectively resulted in a stable revenue profile despite the company's established market presence and diversified geographic reach. Going forward, the company's ability to improve export traction, mitigate supply chain disruptions, and capitalise on demand across key export markets will remain crucial for achieving meaningful growth in scale of operations.

Moderate financial risk profile

BLL's overall gearing remains comfortable at 0.07x as on March 31, 2026, compared to 0.07x as on March 31, 2025. However, owing to guaranteed bank debt of ₹116.77 crore availed by the associate entity, BSL, the company's financial risk profile remains moderate as marked by an adjusted overall gearing [including corporate guarantee provided to BSL of ₹116.77 crore in FY26 (PY: ₹68.62 crore) in debt and excluding investment in associate of ₹90.44 crore in FY26 (PY: ₹90.44 crore) from tangible net worth] of 4.12x as on March 31, 2026, against 3.09x as on March 31, 2025. During the year, the joint venture company's existing borrowing arrangements were refinanced with a new lender. Consequently, the maximum exposure under CG aggregated to ₹116.77 crore, comprising an existing CG of ₹68.62 crore under the erstwhile lending arrangement and a fresh CG of ₹48.15 crore issued pursuant to refinancing. However, as on April 22, 2026, the company had received a No Due Certificate (NDC) from Federal Bank, and accordingly, the corporate guarantee extended by the company has been discontinued. As a result, the company had an outstanding CG exposure of ₹48.15 crore as on the latest date.

Highly regulated and competitive nature of industry

The pharmaceutical industry is a closely monitored and regulated industry, with inherent risks and liabilities associated with products and manufacturing. Regular compliance with product and manufacturing quality standards prescribed by regulatory authorities is critical for selling products across geographies. BLL is engaged in manufacturing pharmaceutical formulations. The industry is characterised by intense competition due to the presence of numerous small and large players.

Key strengths

Steady improvement in profitability and revenue visibility

Though the company's scale of operations remained stable at ₹86.26 crore in FY26; its profitability profile improved significantly, with the PBILDT margin increasing to 8.88% in FY26 from 6.03% in FY25. The improvement was primarily driven by a higher contribution from value-added and higher-margin products, improved procurement efficiencies, and increased sales from the manufacturing segment. Consequently, raw material consumption moderated to ~58% of operating income in FY26, compared to ~63% in the previous year, supporting margin expansion.

Going forward, profitability is expected to improve further, with operating margins projected to remain in the range of 10-11% over the medium term. The same is expected to be supported by an improved product mix, operating leverage benefits, and healthy revenue visibility, with the company targeting revenues of ~₹150 crore in FY29.

Established track record of operations and reputed clientele

BLL has nearly two decades of industry presence, leading to established relationships with customers and suppliers. The company is engaged in manufacturing pharmaceutical formulations and supplies to reputed players.

Experienced management

BLL is presently overseen by the collective efforts of its promoters and directors. Promoters, Atul Ranchal and Rajesh Mahajan, each bring nearly two decades of industry experience, complemented by directors, Jitendra Pratap Singh, Dr. Durga Shankar Maity, and Bhushan Singh Rana, who also possess over 20 years of expertise. Directors are supported by a team of well-versed professionals having rich experience in their respective fields.

Liquidity: Adequate

Liquidity profile of the company remains adequate, as reflected by moderate utilisation of working capital limits of ~60-70% in the last 12 months ending September 2026. While the company currently does not have term liabilities, the associate company

BSL has guaranteed debt of ₹48.15 crore as on September 30, 2026. The company is planning a major capex in near-to-medium term to increase the capacity, which is to be financed entirely through cash surplus generated from the partial monetisation of its stake in Brooks Steriscience Limited. The available liquidity is expected to be utilised towards the proposed capacity expansion programme, which is envisaged to be funded entirely through internal resources, limiting dependence on external debt and supporting the company's comfortable financial risk profile.
On June 19, 2026, BLL's board of directors had approved the sale of 51,220 (Fifty-One Thousand Two Hundred and Twenty) Equity Shares, 16.33% held by the company in Brooks Steriscience Limited to Steriscience Specialties Private Limited for a cash consideration of ₹20,760 per share aggregating to ~₹106.33 crore, subject to completion of customary documentation and applicable regulatory requirements. The company has received complete consideration of ₹106.33 crore. Therefore, this would lead to strengthening of the company's balance sheet and the company would become net debt free going forward.

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
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

Incorporated in 2002, BLL is engaged in contract manufacturing of pharmaceutical formulations. The company has a wide range of products, including liquid injection vials, tablets, dry syrup, liquid injection ampoules, eye/ear drops, dry powder injection among others. The products manufactured by the company find its application in therapeutic segments, including antibacterial, antibiotics, anti-gastric, anti-malarial, and life-saving drugs among others. Around 90% of its revenue is generated from the domestic market, while the balance comes from exports to countries, such as Afghanistan, Malaysia, United Arab Emirates (UAE), Benin, and Congo. Around 20% of its revenue is contributed by sales under its own brand.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	83.04	86.26	22.96
PBILDT*	5.01	7.66	1.87
Profit after tax (PAT)	3.05	5.97	1.42
Overall gearing (times)	0.07	0.07	-
Interest coverage (times)	4.87	9.07	-

A: Audited; UA: Unaudited; Note: these are latest available financial results
PBILDT: Profit before interest, lease rental, depreciation and taxation

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 the 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 (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	RBI	Not applicable	-		-	-	7.80	CARE BB+; Stable
Non-fund-based - ST-BG/LC	RBI	Not applicable	-		-	-	4.20	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 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	4.20	CARE A4+	-	1)CARE A4 (11-Nov-25)	1)CARE A4 (07-Nov-24)	1)CARE A4 (31-Oct-23)
2	Fund-based - LT-Cash Credit	LT	7.80	CARE BB+; Stable	-	1)CARE BB; Stable (11-Nov-25)	1)CARE BB-; Stable (07-Nov-24)	1)CARE BB-; Positive (31-Oct-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: Lender details

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

Annexure-5: List of entities consolidated: Not applicable

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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