

April 09, 2025

Maxcure Nutravedics Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term /Short Term – Fund Based /Non-Fund Based working capital limits	174.00	174.00	[ICRA]AA (Stable) / [ICRA]A1+; reaffirmed
Unallocated limits	9.00	-	-
Total	183.00	174.00	

*Instrument details are provided in Annexure I

Rationale

While assigning the credit ratings, ICRA has taken a consolidated view of Akums Drugs & Pharmaceuticals Limited (ADPL) and its key subsidiaries (together referred to as the Akums Group), Pure & Cure Healthcare Private Limited (PCHPL), Malik Lifesciences Private Limited (MLPL) and Maxcure Nutravedics Limited (MNL), given the common management and significant operational and financial linkages among them.

The rating action for Akums Group factors in its leading position as a contract manufacturer for generic pharmaceutical products in the domestic market, supported by its sizeable manufacturing capacities and wide product portfolio. Leveraging on the same, Akums Group has been able to develop strong relationships with a diversified customer base, comprising the leading domestic and multinational pharmaceutical companies and wellness players in India. The ratings also draw comfort from ADPL's utilisation of the funds raised through the IPO¹ towards deleveraging its balance sheet, in line with ICRA's expectations, leading to an improvement in its debt protection metrics. ADPL has a comfortable liquidity position with a net cash surplus of Rs. 339.5 crore and unutilised working capital limits of over Rs. 700 crore as on December 31, 2024.

The ratings also factor in the sustenance of the strong performance of the CDMO² business, which continues to offset the relatively muted performance of ADPL's API³ and trade generics businesses. The revenues from the CDMO business declined by 6.6% YoY in 9M FY2025 to Rs. 2,368.1 crore, primarily driven by reduced API prices while the volumes supplied remained more or less stable. However, its EBITDA⁴ margin remained relatively stable at 15.4% for 9M FY2025 as against 16.0% in 9M FY2024. Despite a minor reduction in revenues on a YoY basis, the branded and generic formulations business continued to show improvement with an EBITDA of Rs. 54.9 crore (10.5% of the operating income) in 9M FY2025 as against Rs. 39.6 crore (7.2%) in 9M FY2024.

ICRA notes ADPL's agreement with a leading global pharma company for manufacturing and supplying selected pharmaceutical formulations in the European Market. The commercial supply of these products is expected to commence from CY2027, and the composite value of the agreement is ~EUR 200 million. While two of ADPL's sites (for injectables and oral solids) are already approved by the European Regulators, it will also initiate European approvals of its oral liquid site for these products and the approvals are expected by CY2026. The agreement includes an upfront payment of EUR 100 million. Akums Group has also entered into various agreements with Caregen⁵ and Triple Hair, Canada for exclusive rights to sell in India, certain Caregen

¹ Initial public offering

² Contract development and manufacturing operations

³ Active pharmaceutical ingredients

⁴ Earnings before interest, taxes, depreciation and amortisation

⁵ A leading South Korean nutraceutical company and a biotech firm

products (leveraging their proprietary peptide-based technologies) and a patented topical solution targeting alopecia, respectively. It has also entered into a manufacturing collaboration with Jagdale Industries for its ready-to-drink products. These agreements are expected to further strengthen the Group's business profile.

The ratings remain constrained by the vulnerability of ADPL's profitability to volatility in raw material prices and competition in the industry. Additionally, the company has made sizeable investments (including loans and advances) in its marketing (includes trade generics and domestic sales/exports of branded formulations) and API businesses, wherein it is yet to generate material returns. While the API business has remained loss making in recent years, there has been a steady reduction in the same with scaling up of the revenues. ADPL has also consolidated the trade generics business, which has resulted in some improvement in the EBITDA from this segment. The increase in profitability of ADPL's API and marketing businesses would remain key monitorables.

ADPL also continues to remain exposed to legal and regulatory risks, including scrutiny by regulatory agencies, product liability matters, inclusion of more drugs under the NLEM⁶ and other commercial matters. In the past, the company and/or its directors received two summons from the Directorate of Enforcement (ED). While the ED has not taken any adverse action in these matters, ICRA will continue to monitor the developments therein. ICRA also notes the searches initiated by the Income Tax (IT) department at a few offices and manufacturing units of the company, its subsidiaries and the residences of few of its employees/key managerial personnel in January 2025. Based on ADPL's disclosures and discussions with the management, ICRA understands that the company's business and operations since then continued without any disruptions, except for some minor operational hiccups. Moreover, there are no incremental material developments on this matter. ICRA also notes that the company's liquidity position remains adequate, with minimal utilisation of the working capital limit. ICRA would continue to monitor closely any such developments related to this event and take appropriate rating action, if necessary.

The Stable outlook for the long-term rating reflects ICRA's expectation that the company will continue to benefit from its established business position and long relationships with its key customers, enabling it to generate healthy internal accruals.

Key rating drivers and their description

Credit strengths

Leading contract manufacturer in generic pharmaceutical industry – ADPL is a leading contract manufacturer, having a share of 30.2% by value in the Indian domestic CDMO market⁷. It also has a 10.0% share by value in the total addressable Indian domestic CDMO market. The company has 12 formulations manufacturing units with a combined production capacity of around 49.6 billion units per annum, having commercialised more than 4,000 formulations across more than 60 dosage forms. As of March 31, 2024, Akums obtained 1,448 trademarks across various dosage forms and formulations. Further, as of March 31, 2024, Akums secured 927 DCGI approvals and five patents. In addition to the contract manufacturing business, the Akums group is also increasing its footprint in the marketing business, with rising presence in exports and branded generics and is also present in the trade generics and API businesses. While the current scale of these businesses is lower, relative to the Group's overall revenues, the same has healthy growth opportunities over the long term.

Diversified customer profile, which includes reputed pharma companies – The Group enjoys good relationships with its customers, including several established domestic and multinational pharmaceutical and wellness companies. It has a diversified customer base, serving more than 1,500 customers, and 38 out of its 50 largest customers in FY2024 were associated with the company for more than five years. Its top 10 CDMO clients contributed 39.3% to its revenues from the CDMO business in FY2024 (38.9% in FY2023), reflecting adequate customer diversification.

Healthy financial profile – ADPL concluded its IPO in August 2024 with a primary issue size of ~Rs. 680 crore, which has supported the improvement in its financial profile with a net cash surplus of Rs. 339.5 crore as on December 31, 2025 as against

⁶ National list of essential medicines

⁷ Company data from Frost & Sullivan report

a net debt (including lease liabilities) of Rs. 288.2 crore as on March 31, 2024. In line with the objectives of the offer, proceeds worth Rs. 387 crore were used for partial repayment/ prepayment of the Group's debt, which has resulted in a significant improvement in its leverage and coverage indicators. Moreover, with expectations of continued strong cash accruals, supported by the steady performance of its CDMO business, ADPL is likely to maintain a comfortable capital structure, healthy debt coverage indicators and an adequate liquidity position.

Credit challenges

Profitability vulnerable to competitive pressure and raw material price volatility – ADPL's profitability continues to be vulnerable to pricing pressure as it is present in a very competitive industry. However, the contract manufacturing business has generated stable operating profit margins over the past few years. The company's profitability is also exposed to fluctuations in raw material prices, which continue to impact the OPM⁸ of its API business.

Low geographical diversity with exports generating a limited share of revenues – The Group primarily caters to the domestic market with domestic sales historically driving more than 90-95% of its revenues. While the domestic business is expected to continue to remain its mainstay, exports are likely to rise gradually with focus on increasing its footprint in emerging markets and its recent agreement with a global pharma company for manufacturing and supplying selected pharmaceutical formulations in the European Market.

Significant investments in various marketing subsidiaries/inorganic acquisitions, returns from which will take time to improve – The Group's flagship company, ADPL, has made significant investments in its marketing subsidiaries and acquisitions (including the API business) over the past few years to diversify its profile and add more growth levers. These subsidiaries have been accepting loans and advances (primarily from the parent entity) to meet their working capital requirements and loss funding. While some of them have witnessed a marked improvement in their performance over the past few years, there have also been partial write-offs of these loans and advances because of their weak performances. Nevertheless, the Group has consolidated the businesses of its marketing entities, which is expected to strengthen their performance to some extent while the API business, which continues to remain under losses, is also expected to gradually improve. Meanwhile, ADPL continues to invest in these entities for performance recovery. While gradual improvement is expected in this regard, any meaningful contribution to ADPL's performance is projected to be gradual. However, ADPL's overall performance is likely to remain healthy, supported by the strong performance of its contract manufacturing business, which continues to be the primary contributor to its revenue and profitability.

Liquidity position: Adequate

The Group's liquidity remains adequate, characterised by healthy cash flow from operations, net cash surplus of Rs. 339.5 crore and unutilised working capital limits of more than Rs. 700 crore as on December 31, 2024. The company is expected to incur a capex of Rs. 200-250 crore per annum between FY2025 and FY2027, primarily towards the development of manufacturing units in Jammu and towards regular replacement and maintenance capex, expected to be funded partially through debt and internal accruals.

Rating sensitivities

Positive factors – Strengthening of the company's business risk profile, aided by material diversification in the form of gain in business from exports or a healthy scale-up in revenue and profits from the API and marketing businesses, while maintaining strong credit metrics and healthy liquidity position, would be favourably considered for a long-term rating upgrade.

Negative factors – The ratings could be downgraded in case of a significant decline in revenues and accrual generation or a deterioration in the credit profile and liquidity position, owing to debt-funded capex or a stretch in the working capital cycle.

⁸ Operating profit margin

Specific credit metrics that may trigger ratings downgrade would include Total Debt/ OPBDITA of more than 1.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Pharmaceuticals Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of ADPL and its subsidiaries, PCHPL, MLPL and MNL, while assigning the credit ratings, given the common management and significant operational and financial linkages among the entities. For arriving at the ratings, ICRA has considered the consolidated financials of ADPL. As on December 31, 2024, the company had 15 subsidiaries and one step-down subsidiary, which are all enlisted in Annexure II.

About the company

Incorporated in 1994, Maxcure Nutravedics Limited is a wholly-owned subsidiary of ADPL. Initially, the company traded raw materials and packing materials used in the pharmaceutical industry. Later, it was acquired by ADPL and, in 2010, a manufacturing facility was set up for nutraceuticals, food supplements, herbal and Ayurvedic formulations, and veterinary feed supplements. MNL generates most of its revenues from the trading segment (more than 80%) and the rest from the manufacturing segment.

Incorporated in 2004, ADPL is a leading contract manufacturer of formulations for domestic as well as multinational pharmaceutical and wellness companies in India. ADPL has 12 manufacturing facilities in Uttarakhand and Himachal Pradesh for its formulations manufacturing business and three manufacturing units in Punjab and Haryana for its API manufacturing business. These manufacturing units are housed under ADPL and its various subsidiaries. The Group has commercialised more than 4,000 formulations across more than 60 dosage forms.

In FY2020, the company raised Rs. 500 crore from Quadria Capital in exchange for a 15.09% stake, of which Rs. 320.0 crore was infused into the company and the balance was paid to the promoters against sale of shares. Subsequently, ADPL came out with an IPO in August 2024.

Key financial indicators (audited)

Akums Group (consolidated)	FY2023	FY2024	9MFY2025*
Operating income	3,656.6	4,180.7	3,062.6
PAT	98.0	0.8	194.2
OPBDIT/OI	8.2%	11.6%	12.0%
PAT/OI	2.7%	0.0%	6.3%
Total outside liabilities/Tangible net worth (times)	3.5	3.7	-
Total debt/OPBDIT (times)	2.1	1.2	-
Interest coverage (times)	6.5	9.6	12.2

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	09-Apr-2025	Date	Rating	Date	Rating	Date	Rating
Fund based/ non fund based	Long Term/ Short Term	174.00	[ICRA]AA (Stable)/[ICRA]A1+	09-OCT-2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
				31-JAN-2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
Unallocated	Long Term/ Short Term	-	-	09-OCT-2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
				31-JAN-2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
Fund-based limits	Long Term	-	-	-	-	08-SEP-2023	[ICRA] AA-(Stable)	30-JUN-2022	[ICRA] AA-(Stable)
Non-fund based working capital facilities	Short Term	-	-	-	-	08-SEP-2023	[ICRA] A1+	30-JUN-2022	[ICRA] A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term /Short Term – Fund Based /Non-Fund Based working capital limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term /short term – fund based /non-fund based working capital limits	NA	NA	NA	174.0	[ICRA]AA(Stable)/[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	ADPL's Ownership	Consolidation approach
SUBSIDIARIES		
Akumentis Healthcare Limited	91.49%	Full consolidation
Qualymed Pharma Private Limited	100.00%	Full consolidation
Akums Healthcare Limited	100.00%	Full consolidation
Burroughs Welcome Pharmacia Private Limited*	99.93%	Full consolidation
Amazing Research Laboratories Ltd*	100.00%	Full consolidation
Malik Lifesciences (P) Ltd	100.00%	Full consolidation
Maxcure Nutravedics Ltd	100.00%	Full consolidation
May & Baker Pharmaceuticals Ltd*	100.00%	Full consolidation
Nicholas Healthcare Ltd	100.00%	Full consolidation
Plenteous Pharmaceuticals Ltd	100.00%	Full consolidation
Pure & Cure Healthcare Private Limited	100.00%	Full consolidation
Unosource Pharma Ltd	100.00%	Full consolidation
Upadrih Reserchem LLP	99.93%	Full consolidation
Sarvagunaushdhi Private Limited	100.00%	Full consolidation
Akums Employee Benefit Trust (w.e.f. 12 April 2024)	-	Full consolidation
STEP DOWN SUBSIDIARIES		
Medibox Pharma Private Limited	100.00%	Full consolidation

Source: ADPL's 9M FY2025 results

Note: ICRA has taken a consolidated view of Akums Drugs & Pharmaceuticals Limited and its subsidiaries – Pure & Cure Healthcare Private Limited, Malik Lifesciences Private Limited and Maxcure Nutravedics Limited.

*Hived off on April 1, 2024

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