

January 05, 2026 **(Revised)**

## Credo Life Sciences Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term Loan	14.00	14.00	[ICRA]BB+ (Stable); Reaffirmed
Long-term – Fund-based – Cash Credit	12.00	12.00	[ICRA]BB+ (Stable); Reaffirmed
<b>Total</b>	<b>26.00</b>	<b>26.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation reflects Credo Life Sciences Private Limited's (CLSPL) stable operational and financial performance in the recent past and expectation that the same would continue in the medium term as well. The rating continues to consider CLSPL's established track record and extensive experience of its promoters in the pharmaceutical industry for over two decades. The company benefits from a diversified product portfolio comprising more than 30 registered pellets and favourable demand prospects for the semi-formulation segment. Further, the recent approval of European Union Good Manufacturing Practices (EUGMP) in FY2025 and Saudi Arabia and Russia GMP certifications are expected to strengthen CLSPL's export opportunities over the medium term.

The rating is, however, constrained by high product concentration risk, with Itraconazole pellets contributing approximately 58% to the company's revenues in FY2025. CLSPL also faces significant customer concentration risk as its top five customers accounted for around 49% of revenues during the same period. The operating profit margin (OPM) remains exposed to volatility in the prices of active pharmaceutical ingredients (APIs), given the company's focus on domestic and semi-regulated markets.

The Stable outlook reflects ICRA's expectation that CLSPL's revenue and earnings growth will be supported by sustained demand for its products and an anticipated increase in export orders following regulatory approvals. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics for the current rating category.

### Key rating drivers and their description

#### Credit strengths

**Significant experience of the promoters in the pharmaceutical industry** – CLSPL's promoters have significant experience in the pharmaceutical industry, which resulted in healthy relationships with customers and suppliers. CLSPL was incorporated in 2014 by Mr. A. Sivarama Prasad.

**Favourable demand prospects for pellet manufacturing** – CLSPL has more than 30 registered pellets spread across therapeutic segments such as anti-hypertensive, anti-inflammatory, anti-fungal and anti-depressant. There are various ailments across different therapeutic categories, which require certain drug release characteristics resulting in favourable demand for pelletisation.

## Credit challenges

**Exposed to high customer and product concentration risks** – CLSPL derived a significant portion (48-50%) of its revenues from sales of Itraconazole pellets in FY2025. However, ICRA notes that the company’s revenue concentration on Itraconazole pellets reduced over the past few years from over 85% in FY2020, supported by the launch of new products. While CLSPL has launched several new products, revenue concentration on its top product is expected to remain high in the near term as well, given the long lead time in ramping up sales for new products. Further, its customer concentration risk is also high with the top five customers accounting for about 62% of its revenues in FY2025.

**Moderate net worth** – CLSPL has a moderate net worth due to limited accretion to reserves over the years. The net worth of the company in FY2025 stood at around Rs. 35 crore while the same was Rs. 25 crore in FY2024. The net worth is expected to increase gradually in the medium term due to moderate earnings.

**Margins exposed to fluctuation in raw material prices** – CLSPL’s OPM is exposed to volatility of raw materials prices as it derives a large part of its revenues from domestic and semi-regulated markets. The company’s OPM moderated slightly to around 13.3% in FY2025 from around 14.5% in FY2024 due to increased overheads. However, going forward, the proportion of export sales or high-margin products will determine the company’s profitability.

## Liquidity position: Adequate

CLSPL’s liquidity position is adequate, supported by expected retained cash flow of Rs. 9.0-10.0 crore in FY2026 and sufficient free cash/bank balance to meet the debt repayment obligations of Rs. 5-6 crore in FY2026 and additional working capital requirement, if any. The company has a buffer of around Rs. 2 crore in working capital limits as of October 2025. The company is expected to incur around Rs. 3 crore capex in FY2026, which would be funded through internal accruals.

## Rating sensitivities

**Positive factors** – ICRA could upgrade CLSPL’s rating if there is a sustained improvement in revenues and earnings, strengthening its net worth position and improving its debt coverage metrics and liquidity position. Specific credit metric that may lead to an upgrade in ratings includes DSCR of more than 1.4 times on a sustained basis.

**Negative factors** – Pressure on CLSPL’s rating could arise if there is a material decline in revenues and earnings, adversely impacting the liquidity position and debt coverage metrics. Specific credit metrics that may lead to a rating downgrade includes an interest coverage ratio below 2.8 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Pharmaceuticals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Credo Life Sciences Private Limited was incorporated in 2014 by Mr. A Sivarama Prasad. The promoters have about 20 years of experience in the pharmaceutical industry. CLSPL, which manufactures pharmaceutical pellets, began commercial production from September 2017. CLSPL's manufacturing facility is at Nandigama village in Mahabubnagar district of Telangana, with a production capacity of 650 MTPA.

### Key financial indicators (audited)

CLSPL Standalone	FY2024	FY2025
Operating income	100.4	94.4
PAT	6.5	5.0
OPBDIT/OI	14.5%	13.3%
PAT/OI	6.5%	5.3%
Total outside liabilities/Tangible net worth (times)	3.1	2.9
Total debt/OPBDIT (times)	3.0	3.7
Interest coverage (times)	5.7	5.3

Source: Company, ICRA Research; 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 rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 05, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term Loans	Long Term	14.00	[ICRA]BB+ (Stable)	02-Dec-2024	[ICRA]BB+ (Stable)	14-Sep-23	[ICRA]BB+ (Stable)	02-Jan-23	[ICRA]BB+ (Stable)
Cash Credit	Long Term	12.00	[ICRA]BB+ (Stable)	02-Dec-2024	[ICRA]BB+ (Stable)	14-Sep-23	[ICRA]BB+ (Stable)	02-Jan-23	[ICRA]BB+ (Stable)

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term fund-based working capital	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	Fund based – Term Loan	FY2016	NA	FY2032	14.00	[ICRA]BB+ (Stable)
NA	Fund based – Cash Credit	NA	NA	NA	12.00	[ICRA]BB+ (Stable)

Source: Company

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

**Annexure II: List of entities considered for consolidated analysis - Not applicable**
**Corrigendum**

Rationale dated March 24, 2025, has been corrected with revision as detailed below:

- Rating History table, FY2024 has been corrected to FY2025 and for the current rating, the financial year has been updated to FY2026 from FY2025.
- In the Complexity Level of the Rated Instruments section, the earlier reference to ‘Long Term and Short Term’ has been corrected to ‘Long Term’ only.

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