

January 21, 2026

HLL Lifecare Limited: Ratings upgraded to [ICRA]A(Stable)/[ICRA]A1

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based - Cash Credit	312.00	312.00	[ICRA]A (Stable); upgraded from [ICRA]A- (Stable)
Short-term - Non-fund based-Facilities	354.00	354.00	[ICRA]A1; upgraded from [ICRA]A2+
Long-term/Short-term – Unallocated Limits	94.96	94.96	[ICRA]A (Stable)/[ICRA]A1; upgraded from [ICRA]A- (Stable)/[ICRA]A2+
Total	760.96	760.96	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade reflects the improvement in HLL Lifecare Limited's (HLL) financial profile with healthy growth in revenues and earnings in FY2025 and FY2026 (estimated [e]), supported by a higher contribution from pharmacy retail and healthcare/diagnostics services segments, which command better margins, along with steady performance of other segments. Given HLL's established market presence and improving operational efficiencies, the company's cash flows and overall financial risk profile are expected to be comfortable over the near-to-medium term.

HLL is a 100% GoI-owned enterprise and has an experienced management overseeing its operations. Its standalone revenue grew by around 20% in FY2025, driven by a strong growth of 38% in pharmacy retail and a healthy increase of around 9% in healthcare services. ICRA expects the company to achieve a revenue growth of 18-22% in FY2026, supported by addition of new pharma retail stores and expected rise in the diagnostic services division, given healthy demand. The operating profit margin (OPM) improved to 8.2% in H1 FY2026 and 6.6% in FY2025 from 5.4% in FY2024 on the back of favourable revenue mix and better realisations in healthcare services with revision in tariffs. Its OPM is supported by healthy realisations from healthcare services and price escalation claims received for contraceptives supplied during the previous year. Higher margins led to an improvement in debt metrics, with Total Debt/OPBDITA improving to 0.8 times (from 1.5 times in FY2024) and DSCR improving to 9.3 times in FY2025 (from 6.3 times in FY2024). The company's financial profile remains comfortable, marked by low debt level and healthy cash balances, resulting in strong leverage and coverage metrics.

HLL has a diversified business presence across contraceptives, retail pharmacy chain, healthcare services, healthcare products, and trading, consultancy, and contract segments. This coupled with its extensive distribution network and established track record as the largest contraceptive supplier to the Government of India (GoI) and its captive status for contraceptives and oral contraceptive pills (OCPs), mitigate the potential demand related risks.

HLL's ratings are, however, constrained by continued losses in healthcare products, limiting the improvement in earnings, and stretched receivables cycle, resulting in high working capital intensity. However, the company has back-to-back payment arrangements with its vendors for a large part of its transactions, which support its liquidity. The ratings also consider the qualified auditor's opinion, which highlights gaps in the receivables management. ICRA also notes the GoI's planned strategic stake divestment of HLL, whereby it is planning to divest its entire stake in HLL.

The Stable outlook on the long-term rating reflects ICRA's opinion that HLL will continue to benefit from healthy demand for healthcare services and pharmacy trading segments, which would support improvement in scale of operations, margins and overall financial profile.

Key rating drivers and their description

Credit strengths

Govt-owned enterprise – HLL is a 100% Govt-owned enterprise. It has an experienced management and a considerable track record of nearly six decades in the contraceptives space with operations since 1969. HLL is the largest contraceptive supplier and captive unit to the Govt under free distribution and social marketing schemes of the National Family Welfare Programme (NFWP). The revenues from the contraceptives division declined by 9% in FY2025, primarily due to reduced export orders from Africa and the United Nations Population Fund owing to lower funding. ICRA expects the contraceptives division's revenue to remain under pressure owing to lower exports. This apart, it receives orders on a nomination basis from the other segments such as pharmacy retail and diagnostics as well, which has supported scale-up of the operations over the years.

Presence across multiple industries and diversified product portfolio – HLL has diversified revenue streams as it operates in contraceptives, pharmacy retail, healthcare/diagnostics services, healthcare products, consultancy and contract segments. It has witnessed healthy sales at its retail pharmacy chain, wherein it is expanding its network. HLL is also focusing on healthcare services, where it operates diagnostic labs. While the healthcare products division is loss making, retail pharma, healthcare services, and consultancy and contract divisions are relatively margin accretive for HLL and are, therefore, expected to contribute higher revenues, going forward. Margins in the healthcare segment improved in FY2025 on the back of higher realisations following tariff revisions by the Government of Maharashtra and an increase in the number of labs. The company's OPM improved to 8.2% in H1 FY2026 and 6.6% in FY2025 from 5.4% in FY2024 on the back of a favourable revenue mix, better realisations in healthcare services with revision in tariffs. The improvement in operating margins has also strengthened its debt metrics.

Established brand in commercial contraceptives segment – HLL has a pan-India presence, supported by a strong distribution network. The company sells contraceptives under various brands such as Moods, Crezendo, etc. Among these, HLL's Moods brand is one of the largest in the domestic commercial male contraceptives segment and enjoys strong brand recall, benefiting from its extensive nationwide distribution network.

Credit challenges

Stretched receivables cycle, resulting in working capital intensive operations – HLL's operations remain working capital intensive owing to delayed and irregular nature of settling dues by the Govt. Its receivables increased to around Rs. 2,923.0 crore as on September 30, 2025 from around Rs. 2,211.3 crore as on March 31, 2025, owing to delays in payments from the Government, mainly for pharma retail and healthcare services. However, it enjoys a high credit period from suppliers, given the back-to-back arrangements with vendors, supporting cash flows to some extent. Improvement in the receivables cycle would remain a key monitorable.

Subdued earnings from a few business segments – In the manufacturing division, healthcare products have been incurring losses over the past few years due to lower scale and higher input costs, which could not be passed on to the customers. While margins in the contraceptives division improved in FY2024 and FY2025, the same moderated to 1.8% in H1 FY2026 from 7.8% in FY2025 and 7.6% in FY2024, primarily on account of lower realisations and reduced export revenues, which command better margins. However, price revisions for products supplied in the past are expected to provide some support to margins in H2 FY2026.

Qualified auditor's opinion – The company's statutory auditors have given a qualified opinion in FY2025 annual report stating weak internal controls in certain areas such as receivables management. ICRA notes that the management has addressed a few issues raised by the auditor in the past and HLL's management has stated that it is working on improving the same, going forward.

Liquidity position: Adequate

HLL's liquidity position is adequate with cash and bank balances of around Rs. 556.5 crore (standalone) and unutilised working capital limits of Rs. 90-110 crore as on September 30, 2025. The company's cash flows from operations are estimated to be in the range of Rs. 80-120 crore over the next 12 months. HLL is expected to incur capital expenditure of Rs. 80-120.0 crore over the next 12 months, which is likely to be funded through internal accruals. It has minimal repayment obligations, lending comfort to the liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade HLL's ratings if there is a substantial improvement in revenue and profitability, supported by favourable pricing policy, and efficient working capital management, leading to a healthy improvement in capital structure and coverage indicators, on a sustained basis.

Negative factors – Pressure on HLL's rating could emerge if a significant moderation in revenues or earnings impacts its financial profile or a stretched working capital cycle affects its liquidity position. Significant weakening of linkages with the Government of India, or any larger capex plans impacting the liquidity profile, could also exert pressure on the company's ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG Diagnostic service providers Retail
Parent/Group support	Parent/Group Company: Government of India (GoI). The assigned ratings factor in HLL's strategic importance to the GoI, which ICRA expects should induce the GoI to extend timely financial support to the rated entity, should there be a need
Consolidation/Standalone	The ratings are based on the company's consolidated financial profile

About the company

HLL Lifecare Limited (HLL) is a Miniratna [Category-I] enterprise, fully owned by the GoI under the administrative control of the Ministry of Health and Family Welfare (MoHFW). Established in 1966, HLL has a rich legacy of nearly 60 years and operates through a network of 21 offices and eight state-of-the-art manufacturing facilities, servicing public and private markets across 85 countries.

HLL, through its subsidiaries, associates, and JV, is involved in manufacturing and marketing a range of contraceptives, women's healthcare products, hospital supplies as well as other pharmaceutical products. The company is also involved in providing healthcare and diagnostic services, consultancy and contract services for healthcare infrastructure projects and consultancy services for procurement of medical equipment and devices in the healthcare sector.

HLL has a strong domestic distribution network covering about 1.5 lakh retail outlets across major cities and over 1 lakh remote villages. HLL's products are exported to over 85 countries and are also provided to global public health programmes managed by international agencies like United Nations Population Fund, United Nations Office for Project Service, United Nations High Commissioner for Refugees, World Health Organisation, etc.

Key financial indicators (audited)

HLL Lifecare Limited (consolidated)	FY2024	FY2025
Operating income	4,174.3	4,954.9
PAT	186.7	234.4
OPBDIT/OI	5.8%	6.7%
PAT/OI	4.5%	4.7%
Total outside liabilities/Tangible net worth (times)	3.0	3.1
Total debt/OPBDIT (times)	1.3	0.7
Interest coverage (times)	7.7	12.8

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

		Current ratings (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-Term	312.00	Jan 21, 2026	[ICRA]A (Stable)	Apr 02, 2024	[ICRA]A- (Stable)	Feb 22, 2024	[ICRA]A- (Stable)	Jan 19, 2023	[ICRA]A- (Stable)
					Mar 06, 2025	[ICRA]A- (Stable)				
Non-fund based- Facilities	Short-Term	354.00	Jan 21, 2026	[ICRA]A1	Apr 02, 2024	[ICRA]A2+	Feb 22, 2024	[ICRA]A2+	Jan 19, 2023	[ICRA]A2+
					Mar 06, 2025	[ICRA]A2+				
Unallocated Limits	Long-Term/Short-Term	94.96	Jan 21, 2026	[ICRA]A (Stable)/[ICRA]A1	Apr 02, 2024	[ICRA]A- (Stable)/[ICRA]A2+	Feb 22, 2024	[ICRA]A- (Stable)/[ICRA]A2+	Jan 19, 2023	[ICRA]A- (Stable)/[ICRA]A2+
					Mar 06, 2025	[ICRA]A- (Stable)/[ICRA]A2+				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based - Cash Credit	Simple
Short-term - Non-fund based- Facilities	Simple
Long-term/Short-term – Unallocated Limits	Not Applicable

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 – Fund-based - Cash Credit	NA	NA	NA	312.00	[ICRA]A (Stable)
NA	Short-term - Non-fund based- Facilities	NA	NA	NA	354.00	[ICRA]A1
NA	Long-term/Short-term – Unallocated Limits	NA	NA	NA	94.96	[ICRA]A (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	Ownership	Consolidation approach
Hindustan Latex Family Planning Promotion trust (HLFPPT)	NA	Full consolidation
Goa Antibiotics & Pharmaceuticals Limited (GAPL)	85%	Full consolidation
HLL Infratech Services Ltd (HITES)	100%	Full consolidation
Lifespring Hospital Pvt Ltd	50%	Equity Method

Source: Annual Report; HLL is the sponsor of Hindustan Latex Family Planning Promotion Trust

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