

February 16, 2026

## Sainor Laboratories Pvt. Ltd.: Ratings reaffirmed and Outlook revised to Negative

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash Credit	21.60	26.60	[ICRA]BBB+ (Negative); reaffirmed and outlook revised to Negative from Stable
Long-term – Fund-based – Term Loan	18.07	17.98	[ICRA]BBB+ (Negative); reaffirmed and outlook revised to Negative from Stable
Long-term – Fund-based – Others	7.15	5.86	[ICRA]BBB+ (Negative); reaffirmed and outlook revised to Negative from Stable
Short-term – Non-fund based –Others	39.9	19.90	[ICRA]A2; reaffirmed
Long-term/ Short-term – Unallocated Limits	38.28	54.66	[ICRA]BBB+ (Negative)/[ICRA]A2; reaffirmed and outlook revised to Negative from Stable
<b>Total</b>	<b>125.00</b>	<b>125.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The revision in the outlook on the long-term rating to Negative reflects the expected moderation in Sainor Laboratories Pvt. Ltd.'s (SLPL) credit profile owing to a sustained reduction in its earnings. SLPL is engaged in the manufacturing of lithium-based chemicals, which are largely used by the pharmaceutical industry, and semi-formulations/pellets. The company witnessed a sharp correction (by 35%) in revenue in FY2025 owing to a decline in realisations, which was on account of a correction in raw material prices, and subdued volume growth due to increased competition from international players. The lower scale of operations and high fixed overheads led to a decline in the operating margin to 3.0% in FY2025 from 13.5% in FY2024. Given the muted revenue growth expected in FY2026 and continued elevated fixed costs, the operating margin is expected to remain subdued at 3-5%. However, the company is enhancing its semi-formulations capacity and expanding its customer base in geographies such as Russia, Mexico, Thailand and Indonesia, among others. ICRA notes that reduced margins impacted the company's debt protection metrics, such as total debt / OPBITDA, which moderated to 3.3 times in FY2025. However, the expected improvement in earnings in FY2027, with improved revenues, especially from its semi-formulations segment, is expected to support an improvement in its debt metrics going forward.

The ratings continue to draw comfort from SLPL's established presence in the lithium-based chemicals space and the semi-formulations segment, supported by a strong customer base and a niche product profile. The ratings further factor in a comfortable capital structure and adequate liquidity, despite a correction in the scale of operations.

The ratings remain constrained by product concentration risks in both segments. In the lithium-based chemicals division, the top five products generated around 55% of the company's sales in 8M FY2026. Similarly, in the semi-formulations segment, the top product, omeprazole, drove 83% of the segment's revenues in 8M FY2026. The ratings are also constrained by SLPL's working capital-intensive nature of operations owing to higher debtor days and inventory holding. Further, the ratings factor in the susceptibility of margins to fluctuations in raw material prices, reagents and other alkyl-based products, some of which are crude derivatives.

## Key rating drivers and their description

### Credit strengths

**Long track record and established relationships with reputed customers** – The company has been producing lithium-based chemicals since 2003 and pellets since 2017. It also enjoys established relationships with reputed customers, as reflected by repeat orders over the years. SLPL's clientele includes players such as Divis Laboratories Ltd, Sun Pharmaceutical Industries Ltd and MSN Life Sciences Pvt. Ltd, among others.

**Niche product profile** – SLPL is one of the few companies capable of manufacturing lithium-based chemicals. It has a registered portfolio of about 350 products across therapeutic segments. Lithium is a hazardous chemical, and manufacturing lithium-based products involves significant technical know-how, creating high entry barriers.

**Comfortable capital structure** – The company's debt, as on March 31, 2025, comprised term loans of Rs. 14.1 crore, unsecured loans (interest-free) from promoters of Rs. 6.0 crore and working capital borrowings of Rs. 12.4 crore. While SLPL's operating profits reduced on account of moderation in the scale of operations, its capital structure remained comfortable, with gearing at 0.1 times as on March 31, 2025. However, its debt coverage indicators weakened due to a decline in operating profits, with the interest coverage ratio moderating to 2.0 times in FY2025 from 12.2 times in FY2024, total debt/OPBDITA weakening to 3.3 times from 1.0 times, and the debt service coverage ratio (DSCR) reducing to 1.2 times from 4.3 times over the same period. Nevertheless, the debt indicators are likely to improve, with total debt/OPBDITA expected at less than 2.0 times and interest coverage of more than 6.0 times in FY2027, on the back of improved earnings aided by higher revenues from its semi-formulations segment.

### Credit challenges

**High product concentration** – The company's product concentration is high in both the semi-formulations and lithium-based chemicals segments. In the semi-formulations segment, omeprazole pellets (anti-ulcerative) account for over 80% of the segment's revenues. In the lithium-based chemicals segment, the top five products accounted for around 55% of the segment's revenues in 8M FY2026. Hence, any material moderation in demand for these products or increased competition would impact the company's revenues and earnings.

**High working capital intensity** – The company's working capital intensity increased to 50% in FY2025 from 35% in FY2024, owing to higher debtors. SLPL extends 90 to 180 days of credit to its domestic and export customers and most of its export sales are against letters of credit. Moreover, the company has relaxed credit terms for a few customers to support volume growth. For key products, which can only be imported and require bulk purchasing, the company maintains a high level of inventory.

**Susceptibility of margins to raw material price movements and operations exposed to regulatory risks** – The company's margins are susceptible to fluctuations in raw material prices. Lithium is the key raw material for its organo-metallic compounds, which constitute a major portion of its revenues. As the company relies entirely on lithium imports, it is exposed to geopolitical risks, particularly due to its dependence on China for the same. Lithium prices declined sharply over the past two years, which led to a significant correction in SLPL's realisations. The reduced scale of operations and high fixed costs affected the company's margins in FY2025. The company is also exposed to regulatory risks as it deals with hazardous compounds.

### Liquidity position: Adequate

SLPL's liquidity position is adequate, supported by free cash balances (excluding the commitment towards asset purchase) of around Rs. 23.0 crore as on December 31, 2025, and unutilised working capital lines of around Rs. 7-8 crore. Its cumulative funding requirements for capex and debt repayments over the next 12 months are estimated at Rs. 8-10 crore, which are expected to be funded partially through a term loan of Rs. 10.0 crore, with the balance funded through internal accruals.

## Rating sensitivities

**Positive factors** – The outlook could be revised to Stable if the company demonstrates a healthy recovery in scale and earnings, leading to improved debt-protection metrics. The ratings could be upgraded if there is significant growth in revenues and profitability, stronger debt-coverage indicators, and an improvement in the product mix, thereby strengthening the company's overall business profile.

**Negative factors** – The ratings could be downgraded if subdued demand or a sharp decline in realisations leads to a material reduction in accruals and weakens the liquidity position. A downgrade may also be triggered if key credit metrics deteriorate, including total debt/OPBDITA exceeding 2.3 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Pharmaceuticals</a> <a href="#">Chemicals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Sainor Laboratories Private Limited. As on March 31, 2025, the company had 2 subsidiaries, which are enlisted in Annexure-II

## About the company

SLPL was incorporated in 2003. In August 2017, Sainor Pharma Private Limited (SPPL) was amalgamated with Sainor Laboratories Private Limited. SLPL manufactures fine chemicals such as N-Butyl lithium, lithium chloride, methyl magnesium chloride, lithium aluminium hydride and other lithium-based products, while SPPL manufactured anti-ulcer drug-loaded pellets (semi-formulations/pelletisation). The pellets are sold both in the domestic market and are exported directly to countries such as Thailand, Bangladesh, Vietnam and China.

## Key financial indicators (audited)

SLPL (Consolidated)	FY2024	FY2025
Operating income	495.6	323.0
PAT	39.0	-3.5
OPBDITA/OI	13.5%	3.0%
PAT/OI	7.9%	-1.1%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDITA (times)	1.0	3.3
Interest coverage (times)	12.2	2.0

Source: Company, ICRA Research; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: 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					
	Type	Amount rated (Rs. crore)	Feb 16, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Cash Credit</b>	Long term	26.60	[ICRA]BBB+ (Negative)	Mar-18-25	[ICRA]BBB+ (Stable)	Feb-29-24	[ICRA]BBB+ (Stable)	Dec-29-22	[ICRA]BBB+ (Stable)
<b>Non-Fund Based</b>	Short term	19.90	[ICRA]A2	Mar-18-25	[ICRA]A2	Feb-29-24	[ICRA]A2	Dec-29-22	[ICRA]A2
<b>Term Loan</b>	Long term	17.98	[ICRA]BBB+ (Negative)	Mar-18-25	[ICRA]BBB+ (Stable)	Feb-29-24	[ICRA]BBB+ (Stable)	Dec-29-22	[ICRA]BBB+ (Stable)
<b>Fund Based- Others</b>	Long term	5.86	[ICRA]BBB+ (Negative)	Mar-18-25	[ICRA]BBB+ (Stable)	Feb-29-24	[ICRA]BBB+ (Stable)	-	-
<b>Unallocated Limits</b>	Long term/Short term	54.66	[ICRA]BBB+ (Negative)/[ICRA]A2	Mar-18-25	[ICRA]BBB+ (Stable)/[ICRA]A2	Feb-29-24	[ICRA]BBB+ (Stable)/[ICRA]A2	Dec-29-22	[ICRA]BBB+ (Stable)/[ICRA]A2

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Short -term – Non Fund-based	Simple
Fund Based – Term Loans	Simple
Fund based – Others	Simple
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	Cash Credit	NA	NA	NA	26.60	[ICRA]BBB+ (Negative)
NA	Non-Fund Based	NA	NA	NA	19.90	[ICRA]A2
NA	Term Loan	FY2021	NA	FY2028	17.98	[ICRA]BBB+ (Negative)
NA	Fund based - Others	NA	NA	NA	5.86	[ICRA]BBB+ (Negative)
NA	Unallocated Limits	NA	NA	NA	54.66	[ICRA]BBB+ (Negative) / [ICRA]A2

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
Sainor Laboratories Private Limited	100.00%	Full Consolidation
Skills Life Sciences Private Limited	100.00%	Full Consolidation

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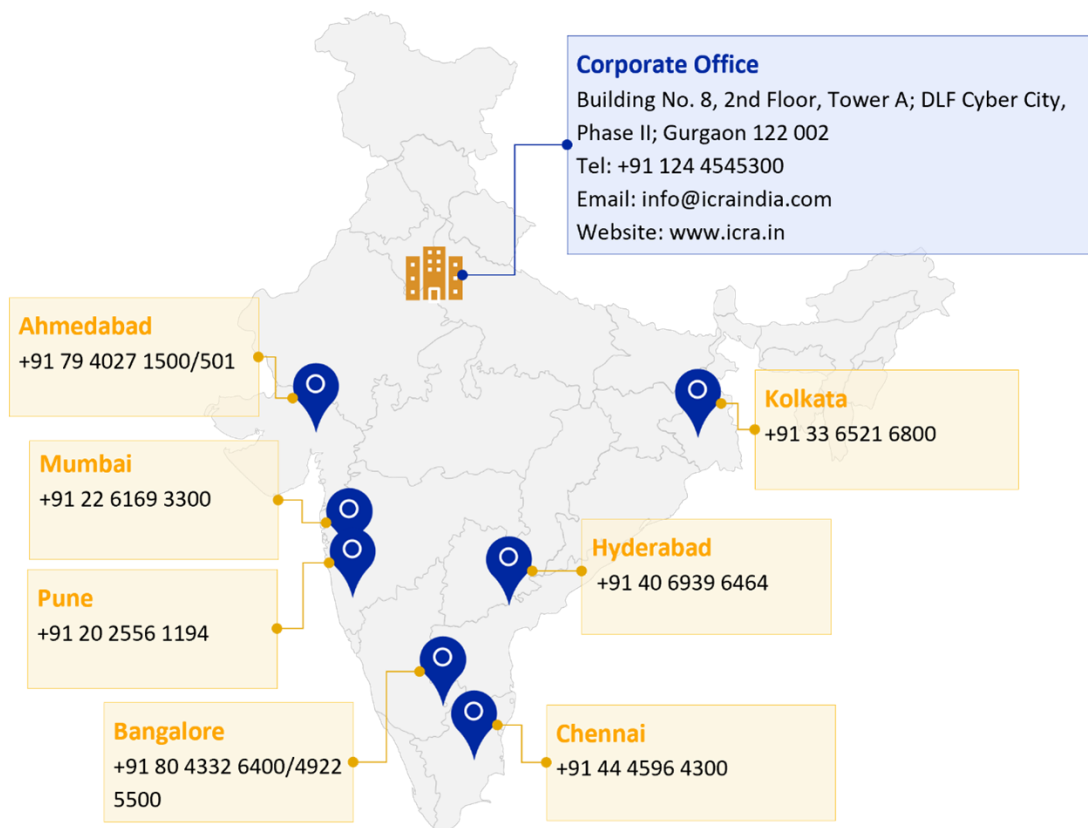
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