April 10, 2026

Malik Lifesciences Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – fund-based working capital limits	66.00	-	-
Short-term – non-fund based working capital limits	40.00	-	-
Long-term/Short-term – fund based/non-fund-based limits	20.00	126.00	[ICRA]AA (Stable)/[ICRA]A1+; reaffirmed
Total	**126.00**	**126.00**	

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/ ADPL)—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 reaffirmation of the ratings factor in the Group's established position as a leading contract manufacturer of generic pharmaceutical products in the domestic market, supported by its sizeable manufacturing capacities and wide product portfolio catering to a diversified clientele of leading domestic and multinational pharmaceutical companies and wellness players. The contract development and manufacturing organisation (CDMO) business of ADPL generated a revenue of Rs. 2,533 crore in 9M FY2026 with a 7% YoY growth driven by volume growth of around 11% while price variance remained negative. The CDMO segment is expected to continue to grow over the near to medium term, aided by volume growth in the domestic market and commencement of sales to Europe as part of ADPL's long-term contract with a European customer, valued at EUR 200 million. As part of the agreement, ADPL received an upfront payment of EUR 100 million in Q1 FY2026, which has strengthened its liquidity position.

The ratings also draw comfort from ADPL's comfortable financial profile with a strong liquidity position and healthy capitalisation and coverage indicators owing to its minimal dependence on external debt. It had a total debt (including lease liabilities) of Rs. 90.3 crore as on September 30, 2025, with a total debt/ OPBDITA of 0.2 times. In the absence of the requirement of any major debt-funded capex over the near to medium term, ADPL is likely to sustain its strong financial profile.

The ratings, however, remain constrained by the vulnerability of ADPL's profitability to competitive pressures and raw material price volatility. The company's trade generics and active pharmaceutical ingredient (API) manufacturing businesses have reported consistent operating losses over the years, primarily due to intense competition, limited pricing flexibility and exposure to input cost volatility. ADPL has made sizeable investments in these businesses over the years and the recovery of commensurate returns is likely to be gradual and contingent upon adequate scale up and favourable raw material pricing. ADPL's revenues are also concentrated geographically as exports generated less than 5% of its total revenues over FY2025 and 6M FY2026. However, the expected commencement of sales to Europe and Zambia over CY2027, via the two contracts undertaken by the company, shall help increase its geographical diversification.

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 National List of Essential Medicines (NLEM) and other commercial matters. The company has thus far not disclosed any material developments or potential liabilities with respect to the searches initiated by the Income Tax (IT) department at a few of its offices and manufacturing units, at that of its subsidiaries, and at the residences of few of its employees/key managerial personnel in January 2025. However, ICRA would continue to monitor closely any 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 generate healthy cashflows aided by its strong CDMO business; and coupled with low debt levels, this shall lead to the sustenance of a strong credit profile.

Key rating drivers and their description

Credit strengths

Leading contract manufacturer in generic pharmaceutical industry – ADPL is the largest contract manufacturer catering to the domestic branded generic formulations industry. The company has 14 formulations manufacturing units with a combined production capacity of around 49.6 billion units per annum, having commercialised more than 4,100 formulations across more than 60 dosage forms. In addition, the Group has also been increasing its footprint in the marketing business, with rising presence in exports and branded generics, as well as in the trade generics and API businesses. While the current scale of these businesses is lower than the Group's overall revenues, it has healthy growth opportunities over the long term.

Diversified customer profile, including reputed pharma companies – The Group enjoys good relationships with its customers, including several leading domestic and multinational pharmaceutical and wellness companies. It has a diversified customer base, serving more than 1,400 clients with adequate customer diversification.

Healthy financial profile – ADPL has a healthy financial profile aided by healthy earnings and a strong liquidity position with minimal dependence on external debt. ADPL's revenues grew by 5% YoY to Rs. 3,201.1 crore in 9M FY2025 with an operating profit margin (OPM) of 11.6% and a net profit margin of 5.5%. The revenues and profitability are expected to increase gradually, aided by the commencement of exports to regulatory markets and growth in the domestic business. As on September 30, 2026, it had a total debt (including lease liabilities) of Rs. 90.3 crore against cash and cash equivalents of Rs. 1,654.4 crore. Accordingly, its coverage and capitalisation indicators were healthy with Total Debt/OPBDITA of 0.2 times, interest cover of 4.8 times and total outside liabilities/ tangible net worth (TOL/TNW) of 0.6 times. Moreover, ADPL is likely to sustain a strong financial profile aided by its healthy cash flow generation, continued minimal reliance on external debt and a strong liquidity profile.

Credit challenges

Profitability vulnerable to competitive pressure and raw material price volatility – ADPL's profitability continues to be vulnerable to pricing pressure as it operates 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 profitability of its API business.

Low geographical diversity with exports generating limited share of revenues – The Group primarily caters to the domestic market, which has historically generated more than 90-95% of its revenues. However, the company is expected to gradually improve its geographical diversity with expected sales to European markets through its CDMO business and to Zambia through its formulations export business.

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 the branded formulations and formulations export businesses have improved their performance significantly over the last few years, the trade generics and the API businesses have continued to report operating losses. ADPL continues to invest in these entities for performance recovery. However, any meaningful contribution from these businesses and generation of commensurate returns from these investments are estimated to be gradual.

Liquidity position: Strong

The Group's liquidity position is strong, characterised by healthy cash flow from operations, cash and cash equivalents of Rs. 1,654.4 crore and unutilised working capital limits of around Rs. 450 crore, as on September 30, 2025. ADPL is expected to incur a capex of around Rs. 250 crore per annum between FY2026 and FY2028, primarily towards the development of a manufacturing facility in Zambia and regular replacement and maintenance capex. The capex is likely to be funded through ADPL's existing liquidity and internal accruals. Moreover, ADPL has no long-term debt repayment obligations.

Rating sensitivities

Positive factors – An increase in the scale of the company along with strengthening of its 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. Specific credit metrics that may trigger a rating 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. The details of its subsidiaries and step-down subsidiaries all listed in Annexure II.

About the company

Incorporated in 2004, Malik Lifesciences Private Limited was established to manufacture fragrance products from a manufacturing facility in Haridwar (Uttarakhand) that enjoyed excise duty exemption till March 2020. In September 2013, the company was acquired by ADPL, thus becoming a 100% subsidiary of the latter. Following the acquisition, the management of ADPL shifted the manufacturing facility of MLPL to a separate plot of land and set up units compliant with various international manufacturing practices. The upgraded plant commenced commercial production from November 2014. The company has the capacities to manufacture oral solid dosage forms for penicillin and cephalosporin, steroids and cycotoxins.

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 facilities in Uttarakhand and Himachal Pradesh for its formulations manufacturing business and three 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. The company was listed on the national stock exchanges in August 2024.

Key financial indicators (audited)

Akums Group (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	4,180.7	4,120.9	3,201.1
PAT	0.8	343.8	175.1
OPBDIT/OI	11.6%	11.3%	11.6%
PAT/OI	0.0%	8.3%	5.5%
Total outside liabilities/Tangible net worth (times)	3.7	0.3	-
Total debt/OPBDIT (times)	1.2	0.2	-
Interest coverage (times)	9.6	13.4	5.3

*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

			Current rating (FY2027)	Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Apr 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Others	Long Term	-	-	Apr 09, 2025	[ICRA]AA (Stable)	-	-	-	-
Fund-based/Non-fund based-Others	Long Tem/ Short Term	126.00	[ICRA]AA (Stable)/ [ICRA]A1+	Apr 09, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Oct 09, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Sep 08, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+
				-	-	Jan 31, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
Non-fund based-Others	Short Term	-	-	Apr 09, 2025	[ICRA]A1+	Oct 09, 2024	[ICRA]A1+	Sep 08, 2023	[ICRA]A1+
				-	-	Jan 31, 2025	[ICRA]A1+	-	-
Fund-based-Cash credit	Long Term	-	-	-	-	-	-	Sep 08, 2023	[ICRA]AA- (Stable)
Unallocated limits-	Long Term/ Short Term	-	-	-	-	Oct 09, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
				-	-	Jan 31, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term – fund based/non-fund-based 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 limits**	NA	NA	NA	126.00	[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	91.50%	Full consolidation
Qualymed Pharma Private Limited	100.00%	Full consolidation
Akums Healthcare Limited	100.00%	Full consolidation
Malik Lifesciences (P) Ltd	100.00%	Full consolidation
Maxcure Nutravedics 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
Upadrish Reserchem LLP	99.93%	Full consolidation
Sarvagunaushdhi Private Limited	100.00%	Full consolidation
STEP DOWN SUBSIDIARIES		
Medibox Pharma Private Limited	100.00%	Full consolidation

Source: ADPL's Annual report for FY2025

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.

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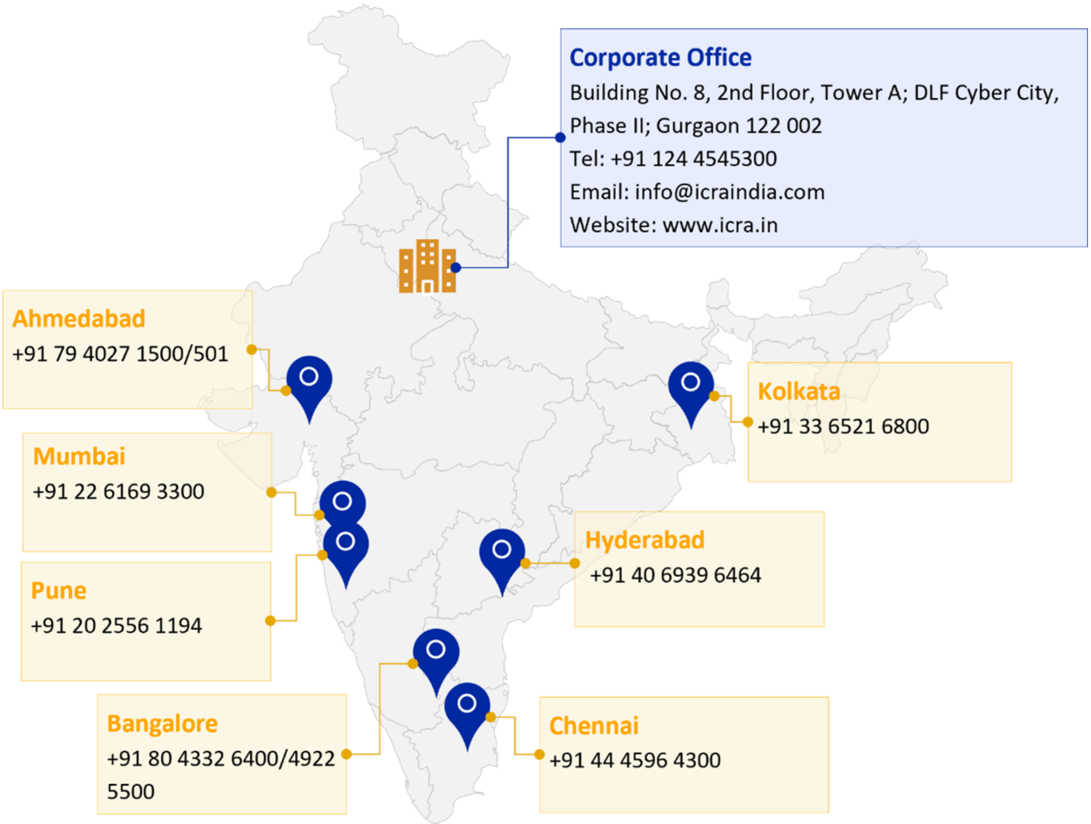

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