

June 26, 2026

Medreich Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term – Fund-based working capital	401.44	401.44	[ICRA]A1+; reaffirmed
Total	401.44	401.44	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation for Medreich Limited (Medreich), which has an established presence in the contract development and manufacturing services business, considers the company's strong parentage as a wholly owned subsidiary of Meiji Seika Pharma Company Limited (Meiji), a leading Japanese pharmaceutical company and part of Meiji Holdings Company Limited (Meiji Holdings). This provides Medreich with healthy financial flexibility and business synergies. ICRA expects Meiji Holdings to continue providing operational support and need-based financial support to Medreich. The rating also factors in the company's long track record in the contract development and manufacturing space and its established relationships with global pharmaceutical majors such as GlaxoSmithKline Plc (GSK), Mylan N.V. (Mylan), Novartis Healthcare Private Limited (Novartis), and Sanofi S.A. (Sanofi), among others. These relationships continue to support the company's revenues. Medreich has strong research and development (R&D) and manufacturing capabilities. Its facilities have been approved by major regulatory bodies across the globe, supporting its business prospects. The company's financial profile also remains comfortable, characterised by healthy operating profit margins (OPMs) and limited debt (excluding lease liabilities). As on March 31, 2026, the company had only unsecured loans outstanding of around Rs. 42 crore from the parent Group.

The company witnessed revenue growth of 10.9% in FY2025, supported by a 36% increase in direct exports from India amid favourable demand conditions. However, revenues declined by 3.2% to around Rs. 1,847 crore in FY2026, primarily on account of pricing pressures in the beta-lactam segment in the European market and temporary operational disruptions following regulatory inspections across most manufacturing facilities. Going forward, the company's revenue growth is expected to be supported by new product additions, underpinned by its established relationships with global pharmaceutical companies. The company reported a gradual moderation in its OPM to 19.5% in FY2025 and further to 18.6% in FY2026 from 20.2% in FY2024, on the back of pricing pressures in the European market, a higher increase in raw material and packing material costs vis-à-vis realisations, and elevated freight and logistics expenses, particularly in Q4 FY2026. While the recent West Asian conflict has resulted in input cost inflation of 4-5%, the company has engaged in price negotiations with its customers and, therefore, does not expect any substantial impact on its OPM in FY2027.

The rating is, however, constrained by intense competition from larger established players in the domestic market and various regulated markets. The rating also considers the susceptibility of Medreich's revenues and margins to foreign exchange (forex) fluctuations, as it derives more than 80% of its revenues from exports and does not follow a well-defined forex hedging mechanism. This risk is partially mitigated by a natural hedge arising from imports of raw materials and foreign currency borrowings. The company's revenue remains exposed to market dynamics associated with demand-supply conditions and supply-chain realignment by customers, which could affect order inflows. However, Medreich's established relationships with large customers mitigate such risks.

Key rating drivers and their description

Credit strengths

Strong parentage – Medreich is a wholly owned subsidiary of Meiji, a leading Japanese pharmaceutical company engaged in the manufacture of branded pharmaceuticals, veterinary drugs, and agricultural chemicals. The company enjoys financial support from its parent in the form of unsecured term loans (outstanding amount of around Rs. 42 crore as on March 31, 2026) at a low interest rate. Also, Medreich's bank limits availed in India are backed by a corporate guarantee from its parent. Further, ICRA expects Meiji Holdings to continue providing operational support and need-based financial support to Medreich. Medreich has strategic importance to the Meiji Group, given the Group's focus on expanding its overseas pharmaceutical business through Medreich. The company also benefits from strong business synergies through its access to the Japanese pharmaceutical market via Meiji.

Healthy financial profile – The company's OPM remained comfortable at 18.6% in FY2026 despite some moderation over the last two fiscals. Its capital structure remains conservative, with a TOL/TNW of 0.3 times as on March 31, 2026 (provisional), and nominal gearing. As on March 31, 2026, the company had only unsecured loans outstanding of around Rs. 42 crore (excluding lease liabilities) from the parent Group. Given the low debt levels and healthy OPM, Medreich's financial profile remains strong, with total debt vis-à-vis operating profit of 0.1 times and a robust interest cover of 133 times in FY2026 (provisional). Going forward, the company's debt coverage metrics are expected to remain strong supported by healthy earnings and limited debt levels. This expectation is further supported by the absence of any material capex plans in the medium term, given the availability of sufficient unutilised capacity.

Long track record of catering to leading pharmaceutical players and strong manufacturing capabilities – Incorporated in 1976, Medreich has a long track record in the contract development and manufacturing space across the globe. The company enjoys established relationships with globally reputed pharmaceutical majors such as GSK, Sanofi, Mylan, and Novartis, which continue to support its business prospects. Medreich has six manufacturing facilities in India and one in the United Kingdom, all of which comply with standards stipulated by international regulatory bodies and multinational pharmaceutical companies.

Credit challenges

Intense competition from larger established players – The company faces stiff competition from larger established players in both domestic and export markets, restricting its pricing flexibility and bargaining power with customers to a certain extent.

Exposed to regulatory risks and unfavourable forex movement due to significant exports – Like other industry players, Medreich's operations remain exposed to regulatory risks arising from scrutiny by regulatory agencies. The company has not faced any adverse regulatory outcomes over the last four to five years. However, its revenues remain susceptible to regulatory and political developments in its key export markets. Medreich is primarily an exporter and derived nearly 82% of its revenues from overseas markets in FY2026. Hence, its revenues and margins remain susceptible to any adverse forex movements as it does not have a hedging mechanism. However, the same is partly mitigated by imports and foreign currency borrowings.

Revenue remains susceptible to demand-supply positions and supply-chain changes by customers – The company's revenues remain exposed to inherent risks associated with contract manufacturing operations, with performance dependent on demand visibility and product acceptance by customers. The concentration towards formulation contract manufacturing makes revenues susceptible to order volatility from key customers. This exposure was evident in H1 FY2024 and FY2026, when revenues were impacted due to the largest customer undertaking a transition in API vendors, resulting in deferment of orders and consequent production disruptions. Given that APIs are sourced directly by customers, any change in API supplier entails a gestation period for technology transfer and regulatory alignment. This leads to a temporary moderation in order inflows for the company. Nevertheless, the associated risks are partly mitigated by the company's established operational track record and long-standing relationships with reputed global pharmaceutical companies.

Liquidity position: Strong

Medreich's liquidity remains strong, with cash flow from operations of around Rs. 425 crore in FY2026 (provisional) and free cash and bank balances of more than Rs. 700 crore as on March 31, 2026 (including fixed deposits). Also, the company has fully undrawn working capital limits of \$52 million. The company has repayment obligations of Rs. 12.9 crore in FY2027 and Rs. 11.2 crore each in FY2028 and FY2029 towards loans from related parties. It is expected to incur moderate maintenance capex within Rs. 70 crore per annum in the medium term. ICRA expects the company to meet its near-to-medium-term capex and debt servicing obligations comfortably. Dividend payout, if any, is expected to remain within Rs. 100 crore annually, without any material impact on liquidity, given the sizeable cash flow from operations. Need-based funding support from Meiji also supports the company's liquidity position to some extent, as reflected by external commercial borrowings (ECBs) of around Rs. 42 crore (outstanding as on March 31, 2026) availed from the parent.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on the rating could arise with the weakening of support and linkages with Meiji Holdings, impacting Medreich's credit profile, or from any deterioration in the credit profile of Meiji Holdings. Pressure on Medreich's rating could also arise in the event of a sharp decline in its scale of operations and earnings due to sustained demand weakness, pricing pressure in its addressable geographies, heightened competition, and/or major client attrition. Any large debt-funded capex or substantial cash upstreaming to the parent group, resulting in a sustained weakening of liquidity and debt coverage indicators, may also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Group Company: Meiji Holdings Co. Ltd. (holding company of the parent, Meiji Seika Pharma Co. Limited) The rating is based on the expectation of need-based funding support from the parent and Meiji Holdings Co. Ltd.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Medreich. As on March 31, 2026, Medreich had four subsidiaries, one step-down subsidiary and three joint ventures.

About the company

Medreich is a wholly owned subsidiary of Meiji Seika Pharma Co. Limited, which is part of the Meiji Group. The company was incorporated in 1976 and commenced operations in 1982 by providing outsourced manufacturing services to GSK. Over the years, Medreich has established itself as a mid-sized pharmaceutical company that predominantly provides contract manufacturing (CMO) and contract development and manufacturing (CDMO) services to domestic and global pharmaceutical players. Its clientele includes several large pharmaceutical companies such as GlaxoSmithKline Plc (GSK), Novartis Healthcare Private Limited (Novartis), and Pfizer Limited in India; Meiji Seika Pharma Co. Ltd. in Japan; Sanofi S.A. (Sanofi) and GlaxoSmithKline Plc (GSK) in the European and African markets; and Mylan N.V. (Mylan) in the Australian and New Zealand markets. At present, Medreich has six manufacturing facilities in India and one in the United Kingdom, all of which comply with standards stipulated by international regulatory bodies and multinational pharmaceutical companies.

In terms of the revenue share, around 20-30% is generated from CMO operations, while 70-80% is derived from CDMO operations. The key therapeutic areas include pain management, cardiovascular diseases and diabetes.

About the parent

Meiji Seika Pharma Co. Limited, established in 1916, manufactures and sells pharmaceuticals, agricultural chemicals, and veterinary drugs. The pharmaceutical business was launched in 1946 with the commencement of penicillin production. The company consequently forayed into anti-bacterial drugs and agricultural chemicals and has established itself as a sizeable player in the pharmaceutical industry over the last 60 years. Meiji also has a strong track record in the livestock and fishery veterinary drugs business, supported by a diverse product portfolio. It is also working towards improving the health of small animals by supplying drugs and nutritional supplements. Meiji's holding company, Meiji Holdings Co. Ltd., reported a turnover of ₹1,173.7 billion in FY2026.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	FY2026*
Operating income	1,720.9	1,907.7	1,846.8
PAT	185.1	233.2	220.3
OPBDITA/OI	20.2%	19.5%	18.6%
PAT/OI	10.8%	12.2%	11.9%
Total outside liabilities/Tangible net worth (times)	0.4	0.3	0.3
Total debt/OPBDITA (times)	0.3	0.2	0.1
Interest coverage (times)	112.6	136.7	133.2

*PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; * Provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	FY2027	FY2026		FY2025		FY2024		
		Amount Rated (Rs. crore)	June 26, 2026	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	0.00	-	-	-	17-Mar-2025	[ICRA]AA-(Stable); reaffirmed and withdrawn	22-DEC-2023	[ICRA]AA-(Stable)
Long term / short term-unallocated	Long Term/ Short Term	0.00	-	-	-	17-Mar-2025	[ICRA]AA-(Stable)/ [ICRA]A1+; reaffirmed and withdrawn	22-DEC-2023	[ICRA]AA-(Stable)/ [ICRA]A1+
Short term-working capital-fund based	Short Term	401.44	[ICRA]A1+	-	-	17-Mar-2025	[ICRA]A1+	22-DEC-2023	[ICRA]A1+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based Facilities	NA	4.66% p.a.	NA	401.44	[ICRA]A1+

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company Name	Ownership as on March 31, 2026	Consolidation Approach
Medreich Plc	100.00%	Full Consolidation
Medreich Lifecare Limited	100.00%	Full Consolidation
Medreich Far East Limited*	100.00%	Full Consolidation
Medreich Australia Pty Limited**	100.00%	Full Consolidation
Medreich New Zealand Limited **	100.00%	Full Consolidation
Adcock Ingram Limited	50.07%	Equity method
Adcock Ingram Pharma Private Limited***	50.07%	Equity method
Inopharm Limited	50.00%	Equity method

Source: Company

* Wholly owned subsidiary of Medreich Plc

** Wholly owned subsidiary of Medreich Limited w.e.f. from March 28, 2022 (Previously subsidiary of Medreich Plc)

*** Wholly owned subsidiary of Adcock Ingram Limited

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