July 23, 2025

Concord Biotech Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – fund-based – term loan	12.50	-	-
Long-term – fund-based working capital facilities	15.00	65.00	[ICRA]AA- (Stable); reaffirmed
Short-term – non-fund based limits	35.00	35.00	[ICRA]A1+; reaffirmed
Short-term – fund based limits	10.00	-	-
Long-term – Unallocated limits	52.50	25.00	[ICRA]AA- (Stable); reaffirmed
Total	**125.00**	**125.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to reflect the extensive experience of the promoters and the established track record of Concord Biotech Limited (CBL) in the fermentation and semi-synthetic biopharmaceutical active pharmaceutical ingredient (API) business, spanning over two decades. Further, the ratings consider the company's strong market position in niche APIs, especially in the immunosuppressant therapeutic segment, which has resulted in strong order inflow from its reputed customer base. The company's facilities have approvals from multiple global regulatory authorities, including the US Food and Drug Administration (USFDA), European Union's Good Manufacturing Practices (EU-GMP), among others. Its healthy market share in niche product segments, characterised by limited competition, resulted in strong margins for the company over the years. The ratings also consider CBL's strong financial profile, characterised by low debt levels, robust debt protection indicators and strong liquidity.

The ratings are, however, constrained by the company's relatively moderate, although growing, scale of operations, its high concentration in a single therapeutic segment and elevated working capital intensity, driven by an elongated receivable cycle and a prolonged inventory holding period. ICRA notes that the company commenced commercial operations of its injectables unit in March 2025. While this marks a strategic expansion into a new product segment, revenue accretion from the unit is expected to be gradual, given the time required for regulatory approvals and market penetration.

The Stable outlook reflects ICRA's opinion that the company will continue to record a healthy growth in revenues and earnings on the back of stable demand conditions for its niche product profile and the expected ramp-up of the formulation as well as the API capacities, while maintaining low debt levels.

Key rating drivers and their description

Credit strengths

Experienced management and established track record – The company's promoters and management have significant experience of more than two decades in the pharmaceutical industry and are well established in the fermentation and semi-synthetic biopharmaceutical API segment. The current promoter, Mr. Sudhir Vaid, is a technocrat-turned-entrepreneur with nearly four decades of experience in the field of biotechnology. He was associated with various reputed pharma companies in the past.

Key player in a niche product segment – The company's product portfolio is primarily focused on the immunosuppressants therapeutic segment, comprising complex molecules that face limited competition and yield healthy margins. These molecules collectively contribute to a significant portion of the company's revenues, establishing CBL as a key player in this product segment. CBL's API manufacturing facility has approvals from multiple global regulatory authorities, including the US Food and Drug Administration (USFDA), European Union's Good Manufacturing Practices (EU-GMP), Japanese Foreign Manufacturer Registration (FMR), Korea Ministry of Food and Drug Safety, and Indian GMP. Additionally, its formulation facility is certified by EUGMP as well as USFDA. Going forward, the company's API segment is expected to register steady growth, driven by its established market position and favourable demand dynamics across key export destinations as well as the domestic market.

Strong financial profile – The company's revenues witnessed a significant growth at a CAGR of 19% in the past five years, backed by healthy demand for its existing products and launch of new products supported the scale-up of new capacities. Healthy market share in niche segments and operating leverage benefits from the scale-up of operations resulted in strong operating margins of 42-44% in the last four years. Its net worth remains strong, supported by healthy annual cash accruals. This, coupled with low dependence on external borrowings, resulted in comfortable capital structure, with TOL/ TNW of 0.12 times as on March 31, 2025 and an overall negative net debt position. Given the low debt levels and healthy profitability, the debt protection metrics remain robust. The company's financial profile is expected to remain strong going forward, backed by continued revenue and earnings growth while maintaining low debt levels.

Credit challenges

Relatively moderate scale of operations – The company's scale of operations remains relatively moderate in the pharmaceutical industry with revenue of Rs. 1,220.6 crore in FY2025. The revenues, however, have increased at a healthy CAGR of 19% over the last five fiscals ending in FY2025. Going forward, the ramp-up in capacity utilisation of its API facility (added in FY2022) and newly commercialised injectables unit will remain a key rating monitorable in the near-to-medium term.

High therapeutic segment concentration risk – CBL's revenue profile is exposed to high therapeutic concentration risk, with the immunosuppressants segment under API accounting for over 74% of its total API revenues, and the API revenues accounting for around 77% of the company's overall revenues. While its presence in the niche segment supports healthy margins and limits competition, it also heightens vulnerability to segment-specific regulatory or market disruptions. To mitigate this risk, the company is diversifying into injectable formulations, targeting therapeutic areas such as anti-fungal and anti-infective segments. However, formulations division is characterised by the presence of numerous large organised as well as cost-competitive players in India and abroad, resulting in intense competition in this segment. Moreover, the competition remains high in the regulated markets with aggressive defence tactics adopted by innovator companies. Nevertheless, the API segment continues to offer a competitive edge, given the company's dominant position in immunosuppressant APIs and repeat orders from its customers. Over the medium term, the company's ability to scale up its presence in other therapeutic segments will remain a key monitorable from a credit perspective.

High working capital intensity – The company generally provides a credit period of 115-120 days to its key customers and maintains a high inventory of various cultures (raw materials) to produce different APIs. The elevated inventory levels are due to the lengthy fermentation process, whereby it takes 30-50 days for the cultures to undergo fermentation and purification. The company would require various chemical and organic compounds for nutrient supply during the fermentation process. Also, the work in progress (WIP) inventory remains high because the final stage of production, which accounts for 1-5% of the process, is not completed until an order is received. This is because the product's shelf life begins only after the entire manufacturing process is completed. Hence, elongated receivable cycle and high inventory holding requirements have resulted in elevated working capital intensity of operations. The working capital intensity stood at 45-55% in the last three financial years, ending FY2025.

Risks associated with successful scale-up of the recently completed capex – The company has recently commissioned a new injectable manufacturing unit, which was set up at a total cost of around Rs. 240 crore. The injectables unit became operational in March 2025. Given the nascent stage of operations, the scale-up is expected to be gradual, impacting overall margins owing to higher fixed costs. However, the scale-up in other units is expected to support the company's overall margins. Over the medium term, CBL's ability to secure the requisite regulatory approvals in a timely manner and achieve a healthy ramp-up in capacity utilisation along with commensurate returns will remain a key monitorable from a credit perspective.

Environment and Social Risks

Environmental considerations – The company does not face any major physical climate risk. However, it is subject to several domestic and international environmental laws. Therefore, CBL is required to comply with different regulatory standards wherever its products are sold. The company has set up standard operating procedures (SOP) to ensure compliance with environmental laws. It also remains exposed to tightening environmental regulations, such as breach of waste and pollution norms, which can lead to an increase in the operating and new capacity installation costs. The company has established a full-scale effluent treatment plant with two streams of physico-chemical, biological and advanced treatment facilities. The treated effluent is used in horticultural activities.

Social considerations – The company, by virtue of being part of the pharmaceutical industry, faces high social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. Further, Government intervention related to price caps/controls for the formulation segment also remains a social risk faced by entities in the pharmaceutical industry.

Liquidity position: Strong

The company's liquidity position is strong, with cash and investments of around Rs. 336 crore as on March 31, 2025 and a cushion of Rs. 75 crore in working capital limits as of May 2025. As per ICRA projections, the company's retained cash flows are estimated to range around Rs. 200-225 crore for FY2026, which will sufficiently cover the capex requirements of around Rs. 130-140 crore for the period. It does not have any debt repayment obligations.

Rating sensitivities

Positive factors – A significant growth in scale and diversification of revenues, along with improvement in working capital cycle, supporting free cash flows, may trigger a positive rating action. Successful scale-up of new capacities in a profitable manner will also be a positive rating trigger.

Negative factors – Pressure on the ratings could arise if there is any significant revenue decline or material deterioration in margins. Moreover, high debt-funded capex or acquisitions, or any adverse regulatory measures that weaken the company's credit profile, may lead to ratings downgrade. Inability to scale up new capacities in a profitable manner leading to deterioration in credit metrics will also be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company, details of which are given in Annexure-II

About the company

Concord Biotech Limited (CBL), incorporated in November 1984, was promoted by Sanofi (formerly known as Hoechst). It was a loss-making unit taken over by the current promoter, Mr. Sudhir Vaid, in the year 2000. It was initially set up with one manufacturing block for production of amidase enzyme. Capacities were subsequently added with the current facilities comprising of 22 active pharmaceutical ingredients (API) manufacturing blocks. The company is engaged in the manufacturing of APIs with immunosuppressants as its key therapeutic segment. Tacrolimus, Mycophenolate Mofetil and Mycophenolate Sodium are its key products, which are used to lower immunity in transplant patients to lower the chances of organ rejection. As a means of forward integration, it set up a formulation unit, which commenced commercial production in March 2017. The company also added another API plant in Limbasi, Gujarat in FY2022. The company has set up an injectables plant in Valethera, Gujarat, near its formulations plant, which was commercialised in March 2025.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	1,033.6	1,220.6
PAT	304.7	373.0
OPBDIT/OI	43.4%	43.2%
PAT/OI	29.5%	30.6%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	141.0	506.4

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 (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 23, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long term	-	-	09-May-2024	[ICRA]AA-(Stable)	10-Apr-2023	[ICRA]AA-(Stable)	07-Apr-2022	[ICRA]AA-(Stable)
Fund based Working Capital Limit	Long term	65.00	[ICRA]AA-(Stable)	09-May-2024	[ICRA]AA-(Stable)	10-Apr-2023	[ICRA]AA-(Stable)	07-Apr-2022	[ICRA]AA-(Stable)
Fund Based Limit	Short-Term	-	-	09-May-2024	[ICRA]A1+	10-Apr-2023	[ICRA]A1+	07-Apr-2022	-
Non-fund-based Limit	Short-term	35.00	[ICRA]A1+	09-May-2024	[ICRA]A1+	10-Apr-2023	[ICRA]A1+	07-Apr-2022	[ICRA]A1+
Unallocated Limits	Long-term	25.00	[ICRA]AA-(Stable)	09-May-2024	[ICRA]AA-(Stable)	10-Apr-2023	[ICRA]AA-(Stable)	07-Apr-2022	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Letter of Credit	Very 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	**Fund based Working Capital Limit**	NA	NA	NA	65.00	[ICRA]AA-(Stable)
NA	**Non-fund-based Limit**	NA	NA	NA	35.00	[ICRA]A1+
NA	**Unallocated Limits**	NA	NA	NA	25.00	[ICRA]AA-(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

Company Name	CBL Ownership	Consolidation Approach
Concord Biotech Japan K.K	50%	Equity Method

Source: Company data

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