Press Release
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
February 06, 2026
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	400.00	ACUITE AA- | Stable | Assigned	-
Bank Loan Ratings	200.00	ACUITE AA- | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	600.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **'ACUITE AA-' (read as ACUITE double A minus)** on the Rs 200.00 Cr. bank facilities of Sun Pharma Advanced Research Company Limited (SPARC). The outlook is '**Stable**'.

Acuité has assigned its long-term rating of **'ACUITE AA-' (read as ACUITE double A minus)** on the Rs 400.00 Cr. bank facilities of Sun Pharma Advanced Research Company Limited (SPARC). The outlook is '**Stable**'.

Rationale for rating

The rating reflects SPARC's experienced management, comfortable R&D pipeline and strong financial flexibility it derives through its parent i.e. Shanghvi Finance Private Limited (SFPL). The rating draws comfort from business synergies of SPARC with Sun Pharmaceutical Industries Limited (SPIL) – flagship company of Sun Pharma Group. The rating also factors the recent developments w.r.t raising of Rs 600.00 Cr. of funds from promoter group by SPARC through issuance of share warrants and receipt of Priority Review Voucher (PRV), monetisation of which shall provide additional liquidity comfort. However, these strengths are partly offset by long gestation periods and capital-intensive nature of drug research and development process and sequential deterioration in the operating performance of the company by way of reduction in royalty income and no generation of new licence fees.

About the Company

Incorporated in 2006, SPARC is a clinical stage bio-pharmaceutical company and is part of the Sun Pharma Group. The company is primarily engaged in pharmaceutical research and development activity and earn its revenue from license fee / royalty on technology / R&D services. It undertakes research in the field of Oncology, Immunology and Ophthalmology. It has its office in Mumbai (India) and New Jersey (USA) along with R&D centres at Mumbai and Vadodara (India). The promoter's stake of 65.67 percent as on December 31, 2025, includes Shanghvi Finance Private Limited (SFPL) with 42.28 percent stake, Mr. Dilip Shantilal Shanghvi with 19.05 percent and the rest with other family members.

About the Group

About the wholly owned Subsidiary –

SPARCLIFE INC: Incorporated at Delaware, USA on September 25, 2023, it is primarily

engaged in pharmaceutical research and development activity.
Genokine Biotech Limited : Incorporated at Vadodara, Gujarat on July 05,2025, it is

established to be engaged into the research and development &other related services.

About the guarantor - Shanghvi Finance Private Limited

Shanghvi Finance Private Limited (SFPL) is the investing arm of the promoter family. SFPL currently holds 40.30 per cent of the total shareholding of Sun Pharma Industries Limited (SPIL) as on December 31, 2025. Further, the rated bank facilities of SPARC are secured by corporate guarantee of SFPL.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered consolidated financial and business risk profile of SPARC to arrive at the rating. The entities consolidated include SPARC along with its wholly owned subsidiaries i.e. SPARCLIFE INC & Genokine Biotech Limited. Acuité has also factored in the financial flexibility derived from its parent company, SFPL.

Key Rating Drivers

Strengths

Extensive management experience and comfortable R&D pipeline

Mr. Anil Raghavan, CEO has an experience of over two decades in the pharmaceutical industry. The team is also supported by a scientific advisory board consisting of experienced professionals from leading medical institutions and industry across the globe.

SPARC is engaged in research & development activity and generates its revenue primarily from license fee, royalty on technology and R&D services. It has undertaken research in the field of Oncology, Immunology, Neuro Degeneration, Ophthalmology and Dermatology. It currently has a comfortable R&D pipeline at various stages of development, these target various Immunological disorders, Glaucoma, different kinds of cancer. Besides these it has more than 10+ assets under development. As the product progresses, towards the end of its development process SPARC licenses the same with various pharmaceutical companies. It regularly partners with SPIL - its group company which has a robust presence in the overseas market along with other pharmaceutical companies.

Also, SPARC and UCSF (University of California San Francisco) have signed binding Letter of Intent (LoI) with Tiller Therapeutics Inc.(Tiller) granting exclusive worldwide license to Tiller for preclinical oncology asset (SCO-155/TILR-097) along with associated IP. Upon grant of license, SPARC will receive 55% equity stake in the fully diluted securities of Tiller. Pre-IND filed with US FDA by Tiller in Oct-25; feedback received in Nov-25 providing clear pathway through proposed early clinical studies and expected to file IND in near to medium terms.

Financial flexibility from SFPL and synergies with SPIL

SFPL acts as the investment arm of the Sun Pharma Group. It holds a net worth of Rs 77621.88 Cr. as on March 31, 2025. Further, SFPL provides significant financial flexibility to SPARC in the form of unsecured loans as and when required (Rs 100.00 Cr. outstanding as on September 30,2025). Further, SFPL has also extended corporate guarantee on the external debt availed by the company. Furthermore, being the research arm of Sun Pharma Group, SPARC derives synergy benefits from SPIL, largest pharmaceutical companies in India with consolidated revenues of Rs.52,663.54 Cr. in FY25 on which it posted a net profit of Rs. 10,980.10 Cr. (Rs 28,191.29 Cr. and Rs 5,417.82 Cr. respectively in H1FY2026). SPIL has presence in more than 100+ countries and is 12th largest generic pharmaceutical company in US as on March 25. Its investor base includes leading domestic and foreign institutional investors. Further, it has presence in specialty medications for ophthalmology, dermatology and oncology.

Weaknesses

Deterioration in the operating performance of SPARC

SPARC reported deterioration in operating performance and increase in losses. In FY25,

revenue declined to Rs. 71.77 Cr from Rs. 75.55 Cr. in FY24, while operating losses narrowed to Rs. 342.51 Cr. compared to Rs. 387.22 Cr. in the previous year. The trend of lower revenue coupled with losses continued during 6MFY26, wherein revenue stood at Rs. 17.50 Cr. and operating losses at Rs. 127.60 Cr, as against revenue of Rs. 29.67 Cr. and losses of Rs. 202.23 Cr. in 6MFY25. The deterioration in operating performance is on account of decline in license fees, royalty income and no new generation of licence fees. Further, these losses coupled with increase in the finance costs to support the cash flow mismatches lead to deterioration in the networth of the company from Rs 125.57 Cr. as on March 31, 2024 to negative networth of Rs 217.01 Cr. as on March 31, 2025.
However, the company has been actively working towards optimizing its costs by reducing its headcount (especially US workforce) and consolidating its R&D infrastructure and laboratories from four to two locations.

Long gestation period for return on investments, high capital investment requirement and susceptibility regulatory environment
SPARC is a clinical stage bio-pharmaceutical company which undertakes pre-clinical and clinical stage research and development. Drug development process involves long gestation periods with constant investments. Heavy costs are incurred to carry out research, conduct clinical trials and compensate a highly qualified work force every year. However, the major receipts come when a product is near commercialization and a licensing agreement is signed. Therefore, there is an inherent mismatch of cash flows in the R&D segment. However, this is mitigated to some extent on account of the strong support and resource mobilization ability of the promoters. The company also faces significant regulatory risks as it is engaged in new drug development which requires adherence to a stringent compliance and regulatory environment. Costs incurred on products under development for a long time may get impacted by any adverse regulatory action.
Acuité believes, augmentation of timely resources, completion of product development without significant time overruns or regulatory setbacks will remain a key monitorable.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)

Corporate guarantee for Bank Loan facilities:
Shanghvi Finance Private Limited has extended a corporate guarantee for the bank loan facilities availed by SPARC. The extended corporate guarantee stands at ~0.70 per cent of net worth of Shanghvi Finance Private Limited as on March 31, 2025. This along with being part of Sun Pharma group helps strengthening the credit profile of the SPARC.

Stress case Scenario
Acuite believes that, given the adequacy of the strategic and financial support by Sun Pharma group including parent SFPL, SPARC will be able to service its debt on time, even in a stress scenario.

ESG Factors Relevant for Rating

Environmental
The company operates under a Zero Liquid Discharge (ZLD) mechanism through effluent treatment plants, enabling reuse of treated water gardening and cleaning. Full compliance with key environmental legislation—Water Act, Air Act, and Environment Protection Act with no reported violations or penalties during the year, indicating strong adherence to environmental controls. Year-round upgrades (switchgear modernization, AHU replacement, thermography, protection relays, preventive maintenance) signal institutionalized efforts to improve energy efficiency and operational reliability.

Social
The company shows maturity in employee safety, human rights governance, and training, reflecting the nature of R&Dworkforce dependence. The company acknowledges talent acquisition and retention as a material risk, which is appropriate given the competitive biopharma talent environment. Investments in training, leadership development, and

cross-functional programme structures support long-term capability building.

Governance
Governance is SPARC's strongest pillar, with compliant disclosures, a well-structured board, and multiple oversight mechanisms.

Rating Sensitivities

- Changes in the credit profile or support stance of SPIL and SFPL
- Any unexpected increase in debt levels in the company
- Completion of product development without significant time overruns or regulatory setbacks

Liquidity Position

Adequate
SPARC's operations have inherently long gestation periods, requiring substantial upfront investments in research and development (R&D) before any returns from commercialised products can be realised. To support these funding needs, the company has sanctioned bank limits of Rs. 545.00 Cr, with an average utilisation of 73.57 percent for fund-based facilities during the six months ended December 2025. In addition, SPARC benefits from a line of credit from its parent, SFPL, amounting to Rs. 550.00 crore as on December 31, 2025, of which around Rs. 100.00 crore was utilised as on September 30, 2025. As on March 31, 2025, the company reported a cash and bank balance of Rs. 1.96 crore and a current ratio of 0.22 times.

SPARC's liquidity is supported by the strong financial flexibility of its promoters and promoter group. Being a listed entity, the company has demonstrated the ability to raise capital from the markets as and when required. To strengthen liquidity further, SPARC has proposed the issuance of convertible warrants on a preferential basis to members of the promoter group, aggregating up to ~Rs. 600.00 crore. The proceeds are intended to fund R&D and clinical trial activities, repay existing borrowings, and meet general corporate requirements.

Additionally, a Priority Review Voucher (PRV) is a monetizable FDA asset that can provide SPARC with additional liquidity without increasing leverage. The ability to sell the PRV is expected to enhance financial flexibility, strengthens the company's funding profile, and supports timely investment in pipeline development, positively contributing to overall credit quality.

Outlook-Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	71.77	75.55
PAT	Rs. Cr.	(342.51)	(387.22)
PAT Margin	(%)	(477.26)	(512.56)
Total Debt/Tangible Net Worth	Times	(1.24)	0.49
PBDIT/Interest	Times	(35.55)	(219.89)

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any Other Information

None

Applicable Criteria

• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
• Group And Parent Support: https://www.acuite.in/view-rating-criteria-47.htm
• Service Sector: https://www.acuite.in/view-rating-criteria-50.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Mar 2025	Working Capital Demand Loan (WCDL)	Long Term	150.00	ACUITE AA- | Stable (Downgraded from ACUITE AA | Stable)
	Secured Overdraft	Long Term	25.00	ACUITE AA- | Stable (Downgraded from ACUITE AA | Stable)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE AA- | Stable (Downgraded from ACUITE AA | Stable)
06 Dec 2023	Working Capital Demand Loan (WCDL)	Long Term	150.00	ACUITE AA | Stable (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE AA | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE AA | Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE AA- | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE AA- | Stable | Assigned
ICICI BANK LIMITED	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE AA- | Stable | Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	120.00	Simple	ACUITE AA- | Stable | Assigned
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE AA- | Stable | Reaffirmed
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	ACUITE AA- | Stable | Assigned

Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr No	Name of the entity
1	Sun Pharma Advanced Research Company Limited
2	Shanghvi Finance Private Limited
3	SPARCLIFE INC
4	Genokine Biotech Limited (Incorporated onJuly 05,2025)

Contacts

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About Acuité Ratings & Research
Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.