



Press Release
BALPHARMA LIMITED
June 09, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	162.50	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	26.50	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	189.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minuso**)n the Rs.162.50 Cr bank facilities and the short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**)on the Rs.26.50 Cr. bank facilities of BalPharma Limited (BPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation considers the long operational track record of the group with improving margins despite moderation in operating revenues in FY25. The revenue in FY25 moderated on account of decline in active pharmaceuticals ingredients (API) prices owing to excess domestic supply and competition from China, expected to recover in the current fiscal. Moreover, the simultaneous lowering of input chemical prices has led to marginal improvement in the margins. The rating also draws comfort from the moderate financial risk profile and adequate liquidity position. However, the rating is constrained by intensive working capital operations and risks associated with government’s regulations.

About the Company

Incorporated in 1987, BalPharma Limited (BPL) is a Bangalore based pharma company engaged in manufacturing of bulk drugs, APIs, generic formulations and ayurvedic products. The company has 5 operational production units spread across Bangalore, Sangli, Rudrapur and Udaipur. Presently the company is managed by Mr. Shailesh Siroya, Managing Director.

About the Group

Bal Pharma group consist of Bal Pharma Limited and its subsidiaries namely- Lifezen Healthcare Private Limited, Bal Research Foundation, Balance Clinic LLP, Golden Drugs Private Limited (merged with Bal Pharma Limited w.e.f. March 26, 2025) and Aurum Research and Analytical Solutions Private Limited. The group is primarily engaged in the manufacturing and selling of pharmaceutical products and related services.

Unsupported Rating

Not Applicable.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Balpharma Limited (BPL) and its subsidiaries namely, Lifezen Healthcare Private Limited(LHPL), Bal Research Foundation(BRF), Balance Clinic LLP(BCL), Golden drugs Private Limited (GDPL) (merged with Bal Pharma Limited w.e.f. March 26, 2025) and Aurum Research and Analytical Solutions Private Limited (ARASPL) together referred to as the BPL group to arrive at the rating. The consolidation is in view of the similarities in the lines of business and common management.

Key Rating Drivers

Strengths

Established track record of operations

The group has an established track record of more than 32 years in the business of manufacturing bulk drugs and formulations. Further, the group has a diversified product profile that includes 200 generic formulations in 20 different therapeutic segments and 22+ APIs. BPL generates 70 percent of its revenue from overseas markets and remaining 30 percent from domestic market. The APIs are being sold at domestic level and exported to Europe, Far East, Latin America, Africa, Japan, Australia, etc. and formulations being exported to other semi-regulated and non-regulated markets across the globe.

Improved profitability albeit moderation in scale of operations

The group has been able to maintain its leadership position in the market by the way of increased presence and other expansion metrics. While the revenue of the group moderated to Rs. 303.08 Cr. in FY25 as against Rs.339.84 Cr. in FY24 majorly due to downfall in prices of API, the margins stood improved at 9.75 percent in FY25 against 9.51 percent in FY24. This improvement is due to lowering of input chemical prices and efficient operation management. Further, the volatility in its input cost is passed to its customers which keeps the margins range bound at 9-10%. Going forward, with the recovery in the API prices and presence of an order book of ~Rs.76 Cr. to be executed in the next 2-3 months, the operating performance of the group is expected to ramp up in the near to medium term.

Weaknesses

Moderate financial risk profile

The group's financial risk profile remains moderate, primarily marked by moderate net worth, high gearing level and moderate debt protection metrics. The net worth improved to Rs.61.58 Cr. as of 31st March 2025 from Rs. 54.66 Cr. as of 31st March, 2024 due to the accretion of profits to reserves. However, the elevated long term and working capital debt levels has kept the gearing high at 2.44 times as of 31st March, 2025 (2.55 times as of 31st March, 2024). Moreover, the debt protection metrics stood adequate with interest coverage ratio and debt service coverage ratio of 1.88 times and 1.39 times respectively, as of 31st March, 2025 (2.24 times and 1.42 times as of 31st March, 2024). Going forward, BPL is expected to raise debt of Rs.27.00 Cr. to fund its API unit capex in Karnataka, therefore, the financial risk profile is expected to remain at moderate levels over the medium term.

Intensive working capital management

The working capital operations of the group are intensive, as evident from the high gross current assets of 271 days in FY25 (235 days in FY24). This is largely driven by high inventory of (137 days in FY25, 104 days in FY24) and debtor days (111 days in FY25, 107 in FY24). Therefore, the intensive working capital cycle has led to increased reliance on the fund-based working capital limits, which were utilized at an average of ~87 percent in past 07 months ending April 30, 2025.

Regulatory Risk

Pharma industry is highly competitive and regulated in nature as government intervention is very high. Moreover, the manufacturing facilities of group have to be regularly monitored and approved by various regulatory authorities across the globe. Hence, any prohibitions or restriction imposed by regulatory authorities on the manufacturing facilities significantly affect operations of the group.

Rating Sensitivities

- Growth in operating revenue at stable margins
- Inadequate cash accrual generation or higher than expected debt raise affecting the financial risk profile
- Significant stretch in working capital operations leading to deterioration in liquidity position

Liquidity Position

Adequate

The liquidity position of the group is adequate as reflected from sufficient net cash accruals (NCA) of Rs.17.01 Cr in FY25 against maturing debt obligations of Rs.7.49 Cr. Besides, the group also had unencumbered cash and bank balances of Rs.1.75 Cr as on 31st March, 2025. Going forward, group is expected to generate cash accruals in the range of Rs.14.00-17.00 Cr. over the medium term, while repayment obligations are expected to be in the range of Rs.12.00 - Rs.17.00 Cr. for the same period.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	303.08	339.84
PAT	Rs. Cr.	7.24	7.45
PAT Margin	(%)	2.39	2.19
Total Debt/Tangible Net Worth	Times	2.44	2.55
PBDIT/Interest	Times	1.88	2.24

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

Not Applicable.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

1. FY25 numbers are based on abridged financials.

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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
30 Dec 2024	Letter of Credit	Short Term	14.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	2.30	ACUITE BBB- Stable (Assigned)
	Packing Credit	Long Term	7.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	19.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.11	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.19	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.14	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	72.44	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	2.56	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.41	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.62	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.73	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	27.00	ACUITE BBB- Stable (Assigned)
22 May 2024	Letter of Credit	Short Term	14.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.14	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	60.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.36	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	12.64	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	19.00	ACUITE BBB- Stable (Reaffirmed)
	Packing Credit	Long Term	7.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.19	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.63	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.14	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.38	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.29	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.73	ACUITE BBB- Stable (Assigned)
21 Apr 2023	Letter of Credit	Short Term	12.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	9.28	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.26	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.36	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	13.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE BBB- Stable (Assigned)
	Packing Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Packing Credit	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.16	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.33	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.39	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	50.72	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	12.50	ACUITE A3 (Assigned)
	Term Loan	Long Term	3.22	ACUITE BBB- Stable (Assigned)

23 Feb 2022	Proposed Long Term Loan	Long Term	0.16	ACUITE BBB-	Stable (Assigned)
	PC/PCFC	Long Term	5.00	ACUITE BBB-	Stable (Assigned)
	Cash Credit	Long Term	13.50	ACUITE BBB-	Stable (Assigned)
	Term Loan	Long Term	10.12	ACUITE BBB-	Stable (Assigned)
	Cash Credit	Long Term	21.00	ACUITE BBB-	Stable (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB-	Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A3 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE BBB- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.30	Simple	ACUITE BBB- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE A3 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3 Reaffirmed
Canara Bank	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BBB- 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.	0.11	Simple	ACUITE BBB- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	01 Apr 2022	Not avl. / Not appl.	01 Mar 2027	1.33	Simple	ACUITE BBB- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	01 Apr 2023	Not avl. / Not appl.	01 Sep 2027	1.00	Simple	ACUITE BBB- Stable Reaffirmed
STCI Finance Ltd.	Not avl. / Not appl.	Term Loan	01 Jan 2025	Not avl. / Not appl.	01 Dec 2029	20.00	Simple	ACUITE BBB- Stable Reaffirmed
South Indian Bank	Not avl. / Not appl.	Term Loan	01 May 2018	Not avl. / Not appl.	01 Dec 2030	3.41	Simple	ACUITE BBB- Stable Reaffirmed
South Indian Bank	Not avl. / Not appl.	Term Loan	01 Apr 2018	Not avl. / Not appl.	01 Oct 2033	2.62	Simple	ACUITE BBB- Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	01 Apr 2024	Not avl. / Not appl.	01 Sep 2028	3.73	Simple	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2033	27.00	Simple	ACUITE BBB- Stable Reaffirmed

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

Sr. No	Company Name
1	Balance Clinic LLP

2	Bal Research Foundation
3	Lifezen Healthcare Private Limited
4	Golden Drugs Private Limited (Merged with Bal Pharma Limited w.e.f. March 26, 2025.
5	Aurum Research and Analytical Solutions Private Limited
6	Bal Pharma Limited

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