



Press Release

Sudarshan Pharma Industries Limited

September 09, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	136.80 (enhanced from 88.32)	IVR BBB-/Positive (IVR Triple B minus with positive outlook)	IVR BBB-/Positive (IVR Triple B minus with positive outlook)	Rating reaffirmed	Simple
Long term Bank Facilities – Proposed	120.50 (enhanced from 104.00)	IVR BBB-/Positive (IVR Triple B minus with positive outlook)	IVR BBB-/Positive (IVR Triple B minus with positive outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	48.00	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Rating reaffirmed	Simple
Short Term Bank Facilities - Proposed	52.00 (enhanced from 2.00)	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Rating reaffirmed	Simple
Total	Rs. 357.30 (Rs. Three Hundred and Fifty-Seven crore and Thirty Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings to the bank facilities of Sudarshan Pharma Industries Limited (SPIL). The ratings reflect the company's steady revenue growth with improvement in profitability margins, moderate capital structure supported by a comfortable net worth, well-diversified geographical presence, reputed client base, and experienced management. However, these strengths are partially offset by project implementation risk, spree of acquisition strategy, working capital-intensive operations, vulnerability to changes in government/regulatory policies, and exposure to volatility in raw material prices.



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Infomerics has continued a 'Positive' outlook, factoring in the expected improvement in EBITDA margins driven by a higher contribution from the manufacturing segment, which is also likely to strengthen the SPIL's capital structure.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in the company's revenue and/or profitability while maintaining the debt protection parameters.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.
- Any cost or time overrun in ongoing capex and/or any substantial decline in cash flows leading to decline in DSCR.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Revenue growth with improvement in profitability margins

SPIL's consolidated revenue grew by 9% to Rs. 505.26 crore in FY25 (period refers from April 01, 2024, to March 31, 2025) (FY24: Rs. 463.54 crore), primarily driven by an increase in contribution from the manufacturing segment, which accounted for approximately 30% of the total revenue. This shift contributed to improved profitability, with EBITDA and PAT margins to 7.94% and 3.14% respectively in FY25 (FY24: 4.92% and 2.46%). Additionally, the company reported a revenue of Rs. 145.26 crore in Q1FY26. Infomerics notes that both revenue and profitability are expected to improve further in the medium term, supported by SPIL's ongoing efforts to acquire new subsidiaries and expand its portfolio.

Moderate Capital structure though comfortable net worth

The capital structure marginally deteriorated but remained comfortable, marked by an overall gearing of 1.37x and TOL/ATNW of 2.17x as on March 31, 2025 (March 31, 2024: 0.98x and 1.61x), primarily due to higher utilisation of working capital borrowings at the year-end.

Further, the net worth improved to Rs. 124.92 crore as on March 31, 2025 (March 31, 2024: Rs. 106.73 crore), on account of profit accretion to reserves. In addition, SPIL issued 9,00,000



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warrants at Rs. 169.83 each (aggregating to Rs. 15.28 crore), of which the company received 25% (i.e. Rs. 3.82 crore) during the year, with the remaining 75% expected to be received in FY26 and FY27. Infomerics notes that the capital structure will remain moderate in medium term due to debt-led capex and it will be key monitorable.

Well diversified geographical presence and reputed client base

SPIL's customer base includes leading customers like SRF Limited, Reliance Industries Limited, L&T Limited and Asian Paints Limited and others. In the pharmaceutical segment, the company has reputable clients like Sandoz Ltd, Teva Pharma Limited, Sun Pharma Limited, Lupin Limited and Jubilant Life Sciences Limited and other reputed companies. In the Chemical Segment, SPIL is the sole distributor in Western Maharashtra & Goa for a Water disinfectant of a well-known international brand "Oxystrong Platinum" by Solvay Peroxyhai (Thailand).

SPIL has presence in 5 states which includes states like Maharashtra, Gujarat, and Uttar Pradesh. Moreover, it has pan India presence for its chemical intermediaries and APIs. It also exports to countries like UK, Australia, Uzbekistan, Syria, Oman, Taiwan and MENA regions. The maintenance of long-term relations with its customers and suppliers helps to generate a steady growth in revenues.

Experienced management

SPIL has diversified business in the pharmaceutical industry and specialty chemicals in the chemical industry. SPIL has strong market presence in domestic as well as international market. SPIL's promoters Mr. Hemal V. Mehta & Mr. Sachin V. Mehta have a combined experience of over 25 years in the Specialty Chemical, Bulk drug and overall Pharmaceutical Industry.

Key Rating Weaknesses

Capex Shift and Cost Overrun Risk



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SPIL had planned to set up a plant at Mahad, Maharashtra with a total project cost of Rs. 78.80 crore, funded by Rs. 49.00 crore of debt and Rs. 29.80 crore of equity. Although the project had received sanction, the company did not avail these loans. Subsequently, due to objections from villagers, the project had to be abandoned at Mahad and shifted to Gujarat. As a result, the expenditure of Rs. 3.25 crore already incurred on the Mahad location— including Rs. 1.19 crore on land and the balance on pre-operative expenses remains blocked, and the project currently stands on hold.

Spree of acquisition:

The company has been on a spree of acquisitions over the past few months, including Iswari Healthcare Private Limited, Sudarshan Pharma Industries Private Limited – Singapore, Cibachem General Trading LLC – Dubai, Life Science Chemical Private Limited, Ratna Life Science Private Limited, Sudarshan Maven Pharma Private Limited, and Sudarshan Pharma Poland LLC. Additionally, it is in the process of acquiring Srigen Lifesciences Private Limited for Rs. 25.50 crore, funded partly by a term loan of Rs. 17.00 crore and the remainder through promoter contributions. While these acquisitions may help the company grow, acquiring these businesses can stretch the management's capacity, increase debt, and make it harder to merge and run them smoothly, which could impact the day-to-day operations and profits in the short term.

Working capital Intensive nature of operations:

SPIL's operations are working capital intensive reflected by higher net working capital cycle of 133 days at the end of FY25 (FY24: 85 days). Net working capital cycle has increased due to increase in receivable days and inventory days which have increased to 102 and 85 respectively at the end of FY25 (FY24: 80 and 66 respectively). Receivable days as well as inventory days have increased as SPIL has shifted its focus to manufacturing of API which requires higher working capital requirements. Average working capital utilisation for 9 months ended in June 2025 stood at 85.26%, ability of the company to tie-up for the funds for working capital requirement will be a key monitorable.

Vulnerability to Change in Government/Regulatory Policies and Volatility in Raw Material Prices:



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The pharmaceutical industry is highly regulated, and hence, any adverse change in government/regulatory policies can impact the business risk profile of the Company. Having geographical presence in several countries, SPIL needs to be constantly updated with the changing guidelines. Timely product and facility approval/renewal, in various regulated/ semi-regulated markets, remains critical for the growth of exports going forward. Further, the volatility in the raw material prices and time lag of passing the movement in the prices to its customers may impact the profitability of the group adversely.

Analytical Approach: Consolidated

For arriving at the rating, Infomerics has used consolidated approach to analyse SPIL and its subsidiaries as they are in the same line of businesses (Manufacturing and trading of speciality chemicals and APIs), under a common management. SPIL operates by way of separate subsidiaries for its various projects. SPIL is the parent company and others are wholly owned subsidiaries.

List of companies considered for consolidation analysis is given at Annexure 4.

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Rating Criteria for Consolidation of Companies](#)

Liquidity – Adequate

The SPIL's liquidity remained adequate with expected gross cash accruals are sufficient for the debt repayment from FY26 to FY28. The current ratio remained comfortable at 1.29x as on March 31, 2025. The working capital cycle remained elongated at 133 days at the end of FY25, as the working capital requirements are high at 85.26% for month ended at June 2025.

About the Company

Incorporated in 2008, is a pharmaceutical and chemical firm. The company is a fully integrated pharmaceutical and chemical company that specialises in a wide range of products, from rock



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chemicals to intermediates and API to finished formulations. The promoters of the company, Mr. Sachin V. Mehta and Mr. Hemal V. Mehta have over 25 years of combined expertise in the bulk medicine, special chemical, and pharmaceutical industries.

Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	463.54	505.26
EBITDA	22.81	40.13
PAT	11.46	15.95
Total Debt	104.84	170.73
Tangible Net Worth	106.73	124.92
EBITDA Margin (%)	4.92	7.94
PAT Margin (%)	2.46	3.14
Overall Gearing Ratio (x)	0.98	1.37
Interest Coverage (x)	2.55	2.54

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned (2024-25)	Date(s) & Rating(s) assigned (2023-24)	Date(s) & Rating(s) assigned (2022-23)
					Date: Jan 20, 2025	Date: Dec 01, 2023	Date: Nov 24, 2023
1.	Term Loan	Long Term	25.30	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
2.	Term Loan – Proposed	Long Term	32.00	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
3.	Cash Credit	Long Term	111.50	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
4.	Cash Credit - Proposed	Long Term	88.50	IVR BBB-/Positive	IVR BBB-/Positive	IVR BBB-/Stable	IVR BBB-/Stable
5.	Letter of Credit	Short Term	48.00	IVR A3	IVR A3	IVR A3	IVR A3
6.	Letter of Credit - Proposed	Short Term	52.00	IVR A3	IVR A3	IVR A3	IVR A3



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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details



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Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Term Loan	--	--	--	Jan 2026 – Oct 2030	25.30	IVR BBB-/Positive
Term Loan - Proposed	--	--	--	--	32.00	IVR BBB-/Positive
Cash Credit	--	--	--	Revolving	111.50	IVR BBB-/Positive
Cash Credit - Proposed	--	--	--	--	88.50	IVR BBB-/Positive
Letter of Credit	--	--	--	--	48.00	IVR A3
Letter of Credit - Proposed	--	--	--	--	52.00	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-sudarshanpharma-sep25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of the Company	Extent of Consolidation
Sudarshan Pharma Industries Limited	Full
Sudarshan Pharma Life Science Private Limited	Full
Life Science Chemical Private Limited	Full
Ratna Life Science Private Limited	Full
Sudarshan Maven Pharma Private Limited	Full
Sudarshan Pharma Industries Private Limited (Singapore)	Full

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.