

Haleos Labs Limited

(Erstwhile SMS Lifesciences India Limited)

May 22, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 116.01 Crore (Enhanced from Rs 81.86 Crore)	Regulator[^]
Long Term Rating	IVR BBB/Positive (Rating Reaffirmed)	RBI
Short Term Rating	IVR A3+ (Rating Reaffirmed)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Haleos Labs Limited based on continuation of comfortable debt protection metrics & capital structure, successful USFDA audit and regulatory approvals in subsidiary, leading to better envisaged performance of the group from FY27 onwards. The rating also continues to factor in range bound profitability and expected improvement in scale of operation in FY27 along with experienced promoters' group with a track record in the industry and established clientele base. The rating is however constrained by product concentration risk, albeit diversification expected over the medium term and presence in the highly fragmented and regulated bulk drug industry.

Outlook: Positive: The Positive Outlook reflects the fact that IVR expects ramping up of operations in subsidiary Mahi Drugs Private Limited (MDPL) along with incremental benefits from the refurbishment of existing block of Haleos Labs Limited.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

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

Key Rating Drivers with Detailed Description

Strengths

Comfortable debt protection metrics & capital structure

The debt protection metrics of the group remained comfortable marked by interest coverage ratio of 5.35x in FY25(Audited) [refers to period April 1, 2024, to March 31, 2025]. Further, total debt to NCA stood at 2.60 times as on March 31, 2025. The DSCR as on March 31, 2025 stood comfortable at 1.55x. The financial risk profile of the group is marked by comfortable capital structure and debt protection metrics. The overall gearing stood at 0.40x as on March 31, 2025. The total indebtedness of the group reflected by TOL/ATNW stood at 0.84x as on March 31, 2025. The debt protection metrics and capital structure are expected to improve further going ahead.

Successful USFDA audit and regulatory approvals in subsidiary, leading to better envisaged performance of the group from FY27 onwards

Mahi Drugs Private Limited, a subsidiary of the group, achieved a significant milestone with the successful completion of its first USFDA audit at its Vizag facility in January 2025. Subsequently, the company received approvals for key products including Hydroxyzine, Trazodone, etc., which are expected to support expansion in regulated export markets. The above-mentioned products are expected to commercialise from FY27 onwards. Additionally, MDPL is expecting approvals from Brazil ANVISA and WHO Geneva during FY27, which may further strengthen its international market access and export prospects. Improvement in sales and profitability of the subsidiary is expected to enhance the consolidated financial performance of the group over the medium term. Further, the successful completion of the USFDA inspection at the Khazipally facility of Haleos Labs Limited in May 2025, along with Brazil ANVISA approvals for Famotidine and Sildenafil received in October 2025, is expected to strengthen the company's product pipeline and growth prospects going forward.

Range bound profitability and expected improvement in scale of operation in FY27

The group reported growth in its scale of operations with total operating income increasing from Rs. 307.78 crore in FY24 to Rs. 346.31 crore in FY25. In 9MFY26 the total operating income of the group stood at Rs. 258.66 crore. Ranitidine and Famotidine continued to remain the key revenue-generating products for the company during the year. The Khazipally manufacturing facility of Haleos Labs Limited underwent a USFDA inspection in May 2025, marking the third such inspection over the last decade, which was completed successfully. The successful inspection enhances visibility for approvals of products filed during FY25–FY27. Further, the Brazil ANVISA inspection was completed in October 2025 and approvals were received for Famotidine and Sildenafil. Supported by improved operating efficiencies and better product mix, the group's

EBITDA margin improved to 13.46% in FY25 from 10.70% in FY24. PAT margin also improved and stood at 5.36% in FY25 as against 2.04% in FY24.

Experienced promoters' group with a track record in the industry and established clientele base

Haleos Labs Limited is promoted by TVVSN Murthy, who possesses nearly four decades of experience in the API manufacturing and development industry. Prior to establishing the business, he worked as a scientist in the pharmaceutical sector and subsequently co-founded an API manufacturing company in 1990 along with industry professionals. Over the years, the group has developed long-standing relationships with reputed customers such as Cadila Pharmaceuticals Limited, Unique Pharmaceuticals Laboratories Limited etc. The company has established a diversified product portfolio catering to multiple therapeutic segments including anti-ulcer, anti-inflammatory and anti-erectile dysfunction drugs, supporting its presence in both domestic and export markets. The group's revenue profile remained geographically diversified with domestic and export sales contributing in the ratio of 59:41 during FY25. Key export destinations include China, Indonesia and Spain.

Weaknesses

Product concentration risk, albeit diversification expected over the medium term

Haleos Labs Limited derives a significant portion of its revenue from Ranitidine HCL, an anti-ulcer drug, which contributed around 43.78% of total sales in FY25. The company's dependence on a single product exposes it to product concentration risk arising from factors such as substitution by alternative therapies, regulatory restrictions, discontinuation of the drug, or changes in market demand and pricing. However, the company has recently received approval for Furosemide following the USFDA inspection, which is expected to support diversification of its product portfolio over the medium term. The addition of new products is likely to reduce dependence on Ranitidine HCL, with moderation in concentration risk expected from FY27 onwards. Nevertheless, any adverse regulatory developments or decline in demand for the company's key products may continue to remain a key rating sensitivity.

Presence in the highly fragmented and regulated bulk drug industry

The company is exposed to regulatory risk with its operations centred majorly on manufacturing pharmaceutical APIs. The pharmaceutical industry is highly regulated in many other countries and requires various approvals, licenses, registrations and permissions for business activities. The approval process for new product registration is complex, lengthy and expensive. Although the time taken to obtain approval varies by country, it generally takes from six months to several

years from the date of application. Any delay or failure in getting approval for a new product launch could adversely affect the business prospects of the company.

Liquidity – Adequate

Haleos Group liquidity remains adequate as evidenced by the company's working capital utilization which stood at an average of ~ 73.99% against sanctioned limits for the last 12-month period ended March 2026. The group would be able earn a comfortable level of Gross Cash Accruals (GCA) during the projected period with increase in scale of operations which is adequate to meet the repayment obligations. Cash & Bank Balances for the Haleos Labs Limited (Standalone) as on 31st March 2025 & 30th September 2025 stood at Rs. 0.40 Crore and Rs. 0.41 crore respectively. Current Ratio for the group stood at 1.06x as on 31st March 2025.

Rating Sensitivities

Upward Factors

- Substantial & sustained improvement in total operating income and EBITDA margin leading to improvement in GCA
- Ramping up of operation of subsidiary MDPL.

Downward Factors

- Any decline in revenue and/or profitability leading to lower net cash accrual and deterioration in debt coverage indicators and/or any further stretch in the operating cycle impacting the company's liquidity position.
- Additional funding to subsidiary on sustained basis leading to weakening of credit profile of the parent company

About the Company

SMS Lifesciences India Limited has changed its name to Haleos Labs Limited with effect from August 20, 2025. Haleos Labs Limited (Erstwhile SMS Lifesciences India Limited) was a wholly-owned subsidiary (WOS) of SMS Pharmaceuticals Limited (SMS) till May 17, 2017. Under the scheme of Arrangement approved by the National Company Law Tribunal (NCLT), SMS is the demerged company and Haleos Labs Limited is the resulting company vide order dated May 15, 2017. The scheme became effective on May 17, 2017. Haleos Labs Limited is engaged as an API drug manufacturer, with two manufacturing facilities located in Sangareddy District and Jeedimetla Industrial area, engaged in the manufacturing of API & Intermediates and one research centre.

About the Group

Haleos Labs Limited and Mahi Drugs Private Limited (MDPL) together are known as Haleos Group. Haleos Labs Limited is a listed company, with a subsidiary named Mahi Drugs Private Limited engaged in manufacturing of API & Intermediates, with its manufacturing facility located in Vizag.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2024	31-03-2025	9MFY2026
	Audited	Audited	Unaudited
Total Operating Income	307.78	346.31	258.66
EBITDA	32.94	46.63	39.43
PAT	6.33	18.73	17.46
Total Debt	97.71	84.01	NA^
Tangible Net Worth (TNW)	193.59	211.99	NA^
EBITDA Margin (%)	10.70	13.46	15.24
PAT Margin (%)	2.04	5.36	6.76
Overall Gearing (times)	0.50	0.40	NA^
Interest Coverage (times)	3.24	5.35	5.90

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

^Not Available

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2024	31-03-2025	9MFY2026
	Audited	Audited	Unaudited
Total Operating Income	301.90	334.92	237.61
EBITDA	36.33	45.78	33.25
PAT	13.07	21.37	15.54
Total Debt (Without adjusting Corporate Guarantee)	88.73	79.17	NA^
Tangible Net Worth (TNW)	176.19	197.13	NA^
EBITDA Margin (%)	12.03	13.67	13.99%
PAT Margin (%)	4.30	6.34	6.50%
Overall Gearing (times)	0.50	0.40	NA^
Interest Coverage (times)	4.08	5.81	7.08

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

^Not Available

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

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

[Criteria for consolidation of companies](#)

[Policy on withdrawal of ratings](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					-	February 25, 2025	-
1.	Fund based facilities	LT/ST	116.01	IVR BBB/Positive/ IVR A3+	-	IVR BBB/Positive/ IVR A3+	-

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator [^]	Complexity Indicator
Term Loan	-	-	-	August 2028	14.96	IVR BBB/Positive	NA	RBI	Simple
Term Loan	-	-	-	September 2030	40.00	IVR BBB/Positive	NA	RBI	Simple
Term Loan (GECL)	-	-	-	March 2027	1.05	IVR BBB/Positive	NA	RBI	Simple
Cash Credit	-	-	-	-	30.00	IVR BBB/Positive	NA	RBI	Simple
PCFC	-	-	-	-	30.00	IVR A3+	NA	RBI	Simple
Term Loan	-	-	-	-	0.00 (Previously Rs. 6.00 crore)	--*	NA	RBI	Simple
Term Loan (GECL)	-	-	-	-	0.00 (Previously Rs. 0.84 crore)	--*	NA	RBI	Simple

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

*Withdrawn: The rating has been withdrawn at the request of the company and based on the No Due Certificate/confirmation received from its rated bankers/lenders. The rating, being withdrawn, is in accordance with Infomerics' Policy on Withdrawal of ratings.

Annexure 2: Facility wise lender details

<https://infomericstorage.blob.core.windows.net/uploads/Len Haleos Labs 22may26 ec 2d235bda.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 entity	Extent of Consolidation	Rationale for consolidation
Haleos Labs Limited	Full*	Parent Company
Mahi Drugs Private Limited	Full*	For arriving at the ratings, Infomerics has considered the consolidated financial profile of the two companies namely Haleos Labs Limited & Mahi Drugs Private Limited (herein referred to as 'Haleos Group'). The consolidation is on account of common management, similar line of business and significant operational and financial linkages. Additionally, Haleos Labs Limited has given the corporate guarantee to the debt of MDPL.

**Intercompany transaction has been adjusted.*

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	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 lenders/Loans from Multilaterals	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	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI



23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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