Press Release

Fredun Pharmaceuticals Limited

March 31, 2026

(Reclassification)

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	143.17 (enhanced from Rs. 126.64 crore)	IVR BBB+/Stable; (IVR Triple B Plus with Stable outlook)	IVR BBB+/Stable; (IVR Triple B Plus with Stable outlook)	Rating Reaffirmed	Simple
Long Term/Short Term Bank Facilities	13.00	IVR BBB+/Stable/ IVR A2 (IVR Triple B Plus with Stable outlook; IVR A Two)	IVR BBB+/Stable/ IVR A2 (IVR Triple B Plus with Stable outlook; IVR A Two)	Rating Reaffirmed	Simple
Total	**156.17 (Rupees One hundred Fifty-Six crore and Seventeen Lakhs only)**				

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

Detailed Rationale

Infomerics Ratings reaffirmed the rating to the bank facilities of Fredun Pharmaceuticals Limited (FPL) post reclassification of some of the bank facilities. The rating is based on the significant growth in scale as well as sharp improvement in overall gearing already achieved in the current year. The company demonstrated 47.7% growth in revenues to reach Rs.422.9 crore in 9mFY26, with EBITDA margins of 14.78% (12.25% in 9mFY25). Overall gearing is likely to decline to below 0.80x by end FY26 with further sharp reduction likely by end FY27. The strengthening of capital structure is attributed to the preferential issue of equity shares and warrants totalling Rs.153.26 crore, of which Rs.81.55 crore by way of equity and Rs.17.93

crore by way of subscription amount on equity warrants has already been raised in October 2025, and balance 75% of the amount payable on warrants amounting to Rs.53.78 crore is expected to be received in FY27. The strong revenue growth in FY26 is attributed to healthy demand from key customers, scaling up of operations, and contribution from new product launches. Infomerics believes that with the proceeds from the equity raise deployed towards capacity expansion, working capital support, product development, and diversification into high-growth segments such as pet care, the company is likely to sustain revenue growth and improved margins over the medium term.

The rating also factors in the diversified product portfolio with a broad geographical presence and the extensive promoter experience. The strategic acquisition of WAGR Retail Private Limited is also expected to enhance the scale of operations. The ratings are constrained by the elongated working capital cycle and vulnerability of the business to change in government policies and volatility in raw material prices.

The 'Stable' outlook is based on Infomerics' expectation that the company will maintain revenue growth rate of over 20% annually for FY27-FY28. The projected growth is expected to be supported by the utilisation of proceeds from the recent equity raise towards capacity expansion, augmentation of working capital requirements, investment in product development and new product launches, strengthening of its domestic and export distribution network, and diversification into high-growth segments such as pet care. The planned capacity enhancements and expanded product portfolio are likely to improve scale efficiencies, while adequate working capital support will enable the company to execute larger orders and improve customer servicing. Additionally, investments in new business verticals are expected to diversify revenue streams and support margin improvement

Key Rating Sensitivities:

Upward Factors

- Sustained & significant improvement in revenue & profit margins
- Total debt/EBITDA<2.5x on sustained basis
- Efficient working capital management with improvement in liquidity

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Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection metrics
- Deterioration in working capital management impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Consistent increase in topline and profit

Total operating income of the company witnessed a y-o-y growth of ~30.33% to Rs. 451.71 crore in FY25 from Rs.346.58 crore in FY24 on account of new product launches as well as healthy demand from the key customers. With the increase in topline, the EBITDA margin has improved to 11.19% in FY25 from 10.50% in FY24. Further, PAT margin has also improved 4.56% in FY25 from 4.48% in FY24 due to improvement in its scale of operation and focusing on high margins orders. Further in 9MFY26, TOI increased to Rs. 422.9 crore from Rs. 286.27 crore. Consequently, EBITDA and PAT also increased by 78.26% and 96.39% y-o-y to Rs. 62.51 crore and Rs. 26.98 crore respectively. Infomerics believes that company's topline line and profit will continue to grow in the projected years, due to increase in scale of operations and diversification into new business segments such as pet care. The company's topline and profitability are expected to continue growing over the medium term, supported by the recent equity raise, which has strengthened its capital structure and liquidity profile. The enhanced capital base is likely to aid in scaling up operations, expanding capacity, strengthening distribution reach, and diversifying into new and high-growth segments such as pet care.

Comfortable capital structure and adequate coverage indicators

The capital structure of the company had remained comfortable over the years with its satisfactory net worth base of Rs.140.97 crore supported by accretion of profits as on March 31, 2025. The overall gearing stood at 1.18x as on March 31, 2025, against 0.87x as on March 31, 2024. Long term debt to equity stood at 0.12x as on March 31, 2025, against 0.20x as on March 31, 2024. Overall indebtedness of the company marked by TOL/TNW has deteriorated and stood at 2.45x as on March 31, 2025, against 1.54x as on March 31, 2024. Debt protection metrics marked by interest coverage ratio stood comfortable at 2.26x in FY25 as compared to

2.67x in FY24 on account of increase in borrowing cost. DSCR stood at 1.68x in FY2025 as compared to 1.79x in FY2024.

On October 17, 2025, FPL raised Rs. 153.26 crore through the issue of 6,52,360 number of equity shares and 5,73,600 number of warrants. Both equity shares and warrants were priced at ₹1250 per share/warrant including securities premium of ₹1,240 per share and a face value of ₹10. The company has raised Rs. 99.48 crore as on this date and is expected to raise an additional Rs.53.78 crore within 18 months through exercise of warrants. The equity raise is expected to strengthen overall gearing to below 0.80x as on end FY26 and below 0.50x as on end FY27.

Diversified product profile and geographical reach

FPL has offerings in 23 therapeutic classes (including anti-diabetics, anti-retroviral and antihypertensive), with around 1100 products registered in the domestic and overseas markets. It also exports to over 46 countries in South Asia, Africa, Commonwealth of Independent States, and Latin America. The wide product basket and geographical presence provide diversity in the revenue profile. The addition of new product registrations and foray into new product categories and markets help in the consistent scaling up of operations.

Strategic Acquisition of WAGR Retail Private Limited expected to boost scale of operations

FPL has acquired WAGR Retail Private Limited on October 09, 2025, for a nil consideration. This company owns the popular online pet care retail platform WAGR.AI. This acquisition provides FPL access to a robust network of over 140,000 registered pet parents across India, enabling the company to deliver technology-enabled pet care services, monitor pet health data, and leverage analytics for personalized offerings. As this is a vendor neutral online platform for sale of pet wellness products and services, it offers a strong growth opportunity for FPL not only in terms of revenues from trading in various pet care products, but also in terms of a platform for selling FPL's own formulations and products in the pet care segment. Infomerics estimates the size of the pet care products market in India to be over Rs,30,000 crore at end FY25 and expects the same to grow at over 20% annually over the next 5 years which suggests the large business opportunity in this segment.

The acquisition did not entail any investment by the company because it had obtained the company's assets in exchange for equity in the combined business. The original investors and founders of Wagr became equity partners in the merged entity, receiving ownership stakes rather than cash. This arrangement allowed the company to gain control of Wagr.ai without any direct financial outlay, with the Wagr team continuing to participate in the business as long-term partners.

Extensive experience of the promoters

The key promoters of FBL - Dr Daulat Medhora and Mr. Nariman Medhora – have an experience of over three decades in the pharmaceuticals formulations business and have been instrumental in research & development work and manufacturing of new products. Furthermore, Mr. Fredun Medhora (managing director) has been in the business for over a decade. The promoters-initiated strategies to expand product categories and enhance geographical reach and are expected to continue to infuse timely need-based funding support which supports the overall business profile.

Key Rating Weaknesses

Elongated working capital cycle

The production cycles in the pharmaceutical companies are long and complex, involving raw material procurement, formulation, and rigorous testing, which slows down inventory turnover. To mitigate risks, companies often purchase raw materials in bulk, especially Active Pharmaceutical Ingredients (APIs). Further, companies have to maintain buffer stock, particularly for seasonal drugs, vaccines, and emergency medications resulting into high inventory carrying cost. FPL's own inventory days stood high at 189 days in FY25 (191 days in FY24) which reflects the high working capital requirement of the business. The operating cycle of the company has increased to 192 days in FY25 (PY 172 days) driven by high inventory days of 189 days in FY25 (191 days in FY24) resulting in requirement of higher working capital. The rise was driven by the company's expansion and brand-launch phase rather than any specific product or geography. Higher inventory was maintained to support bundled SKUs and ensure quick supply, while longer credit terms were extended to onboard distributors.

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Vulnerability to change in government/regulatory policies and volatility in raw material prices

The pharmaceutical industry is highly regulated, and hence, any adverse change in government/regulatory policies can impact the business risk profile of the Company. Moreover, intense competition in the generics business limits the pricing flexibility of players. Raw materials account for 70-75% of the cost of sales, and operating margin remains susceptible to any sharp change in input prices.

Analytical Approach: Standalone Approach

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term with sufficient accruals to meet the term debt repayment in the period FY26-FY28. As per Infomerics' assessment, the company could generate cash accruals of ~Rs.30.00 crore to Rs.80.00 crore annually over FY26-FY28, vis-à-vis repayments of Rs.3.00 crore to Rs.11.00 crore. The average fund-based utilisation for the past twelve months ended December 2025 remained moderate at ~82% indicating a moderate liquidity cushion.

About the Company

Based out of Mumbai, FPL was incorporated in 1987 by Mr Nariman Medhora and his wife, Dr Daulat Medhora. The company manufactures pharmaceutical formulations such as tablets, syrups, capsules, and ointments. Product basket includes multiple therapeutic classes such as anti-diabetics, anti-retroviral, anti-hypertensive etc. The manufacturing unit is in Palghar, Maharashtra. With over 35 years of experience in various pharmaceutical formulations, the

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company caters to customers across Africa, Southeast Asia, Commonwealth of Independent States (CIS) countries and Latin America. The company classifies its products into four groups: Generics (Exports & Fredun Gx), Pet Healthcare (Freossi), Nutraceuticals (Fredun Nutrition) and Cosmeceuticals (Bird and Beauty or BnB).

Financials Standalone

(Rs. crore)

For the year ended/ As on*	**31-03-2024**	**31-03-2025**
	Audited	**Audited**
Total Operating Income	346.58	451.71
EBITDA	36.40	50.53
PAT	15.63	20.81
Total Debt	105.51	166.41
Tangible Net Worth	121.06	140.97
EBITDA Margin (%)	10.50	11.19
PAT Margin (%)	4.48	4.56
Overall Gearing Ratio (x)	0.87	1.18
Interest Coverage (x)	2.67	2.26

** As per Infomerics Standard*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	**Name of Instrument/ Facilities**	**Current Ratings (Year 2025-26)**			**Rating History for the past 3 years**			
		Type	**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**	**Date(s) & Rating(s) assigned in in 2022-23**
Press Release			**March 31, 2026**		**February 27, 2026**	**April 2, 2025**	**March 4, 2024**	-
1. 1.	Term Loans	Long Term	28.27	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB/ Stable	IVR BBB- / Stable	-
2.	Cash Credit	Long Term	114.90	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB/ Stable	IVR BBB- / Stable	-
3.	Bank Guarantee	-	-	-	-	Withdrawn	IVR A3	-

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Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years			
		Type	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	Date(s) & Rating(s) assigned in in 2022-23
Press Release			March 31, 2026		February 27, 2026	April 2, 2025	March 4, 2024	-
4.	EPC	-	-	-	-	Withdrawn	IVR A3	-
5.	PCFC	-	-	-	-	Withdrawn	IVR A3	-
6.	PC	-	-	-	-	Withdrawn	IVR A3	-
7.	Working Capital/ Multiline working capital facilities	Long Term/ Short term	13.00*	IVR BBB+/Stable; IVR A2	IVR BBB+/Stable; IVR A2	IVR BBB/ Stable/ IVR A3+	-	-

**OD of Rs. 6.00 crore, WCDL/FCDL of Rs. 6.00 crore, LC of Rs. 13.00 crore EPC/PCFC of Rs. 13.00 crore, PSFC of Rs. 13.00 crore and SBLC of Rs. 13.00 crore are sublimit of working capital / Multiline working capital facilities.*

Name and Contact Details of the Rating Director

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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.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)#	Rating Assigned/ Outlook
Term Loan 1	--	--	April 2029	3.10	IVR BBB+/Stable
Term Loan 3	--	--	January 2027	2.67	IVR BBB+/Stable
Term Loan 1	--	--	September 2030	20.25	IVR BBB+/Stable
Term Loan 2	--	--	March 2031	2.25	IVR BBB+/Stable
Cash Credit	--	--	--	60.00*	IVR BBB+/Stable
Cash Credit	--	--	--	40.00^	IVR BBB+/Stable
Cash Credit	--	--	--	14.90	IVR BBB+/Stable
Working Capital /Multiline working capital facilities	--	--	--	13.00**	IVR BBB+/Stable/ IVR A2

** LC of Rs. 60.00 crore, Pre Shipment Credit of Rs. 60.00 crore, Post Shipment Credit of Rs. 60.00 crore are sublimit of CC facilities of HDFC Bank*

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^ EPC/PCFC/FBD/EBR of Rs. 35.00 crore is sublimit of SBI
***OD of Rs. 6.00 crore, WCDL/FCDL of Rs. 6.00 crore, LC of Rs. 13.00 crore EPC/PCFC of Rs. 13.00 crore, PSFC of Rs. 13.00 crore and SBLC of Rs. 13.00 crore are sublimit of working capital / Multiline working capital facilities*

 # O/s as on September 30, 2025

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/Len_Fredun_Pharmaceuticals_31mar26_8bf1aac4fd.pdf

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

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

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.