



Press Release

Morepen Laboratories Limited

August 22, 2025

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	225.00*	IVR A-/Stable (IVR Single A Minus with Stable Outlook)	-	Rating Assigned	Simple
	Total	225.00	Rupees Two Hundred Twenty Five Crore Only			

**Including proposed facility of Rs.51.00 crore.*

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 Valuation and Rating Limited (IVR) has assigned long term rating of IVR A- with Stable outlook for the bank loan facilities of Morepen Laboratories Limited (MLL).

The rating draw comfort from its established market position and diversified product offering, comfortable financial risk profile and debt protection metrics along with moderate scale of operations. However, these rating strengths are partially offset by margin pressure in API segment and high dependency on Legacy API's, raw material and price volatility risk along with regulatory risk.

The 'Stable' outlook is on account of moderate scale of operations and comfortable financial risk profile. The company will continue to benefit from the extensive experience of its promoters and long lasting relationship with their clients.

IVR has principally relied on the audited financial results of MLL's up to 31 March 2025 (refers to period from 1st April 2024 to 31st March 2025) and projected financials from FY2026 to FY2028 and publicly available information/clarifications provided by the company's management.

Upward factors

- Substantial improvement in total operating income (TOI) above Rs.1700.00 crore with improvement in profitability margins.
- Sustenance of capital structure and debt protection metrics.



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Downward factors

- Any decline in total operating income (TOI) and profitability margins.
- Decline in capital structure and debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established market position and diversified product offering:**

Morepen Laboratories Ltd is a leading Indian pharmaceutical and healthcare company with a legacy of over four decades. Headquartered in Gurgaon, the company operates a large integrated manufacturing complex in Baddi, housing 10 specialized plants. It exports to more than 80 countries and holds key international certifications such as USFDA, WHO GMP, and EU GMP. The company's business is diversified across four major verticals: Active Pharmaceutical Ingredients (APIs), medical devices, and finished formulations. Morepen is globally known for its leadership in Montelukast and Loratadine production, and its glucometers and blood pressure monitors are widely used in India, with over 12 million glucometers sold to date. The company raised Rs.200 crore through a Qualified Institutional Placement (QIP) to support expansion, especially in the high-growth medical devices segment, which is expected to contribute up to 45% of total revenue in the coming years. Morepen is also exploring new markets through a Dubai-based subsidiary.

- **Comfortable financial risk profile and debt protection metrics:**

The capital structure of Morepen Laboratories Limited remained strong during FY2025. The company reported a low overall gearing of 0.09x and a TOL/ATNW (Total Outside Liabilities to Adjusted Tangible Net Worth) of 0.74x, on account of minimal dependence on external borrowings and a healthy equity base. Further, the company's debt protection indicators were comfortable, with the Debt Service Coverage Ratio (DSCR) and Interest Service Coverage Ratio (ISCR) standing at 16.33x and 21.60x, respectively, in FY2025. These strong metrics reflect Morepen's comfortable repayment capacity, supported by limited debt obligations and a high tangible net worth base.

- **Moderate scale of operations:**

The total operating income (TOI) of the company has marginally improved by 1.10%, from Rs.1537.59 crore in FY2024 to Rs.1554.54 crore in FY2025, driven by higher sales volumes, particularly in API (Pharma Business) which has increase from 429 MT in FY2024 to 465 MT in FY2025, although decline in average realisation in API from Rs.21,886 in FY2024 to Rs.20,111 in FY2025. The company witnessed this growth in the European market driven by enhanced market penetration and customer acquisition efforts. However, despite the modest growth in revenue, the company's operating profitability declined, with EBITDA margin decline from 10.52% in FY2024 to 9.87% in FY2025, and PAT margin decline from 7.16% to 6.47% over the same period. The moderation in



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margins is attributed to increase in raw material costs, particularly in the API & intermediates and home health segments, which also led to negative inventory adjustments.

Key Rating Weaknesses

- **Margin pressure in API segment and high dependency on Legacy APIs:**

Morepen Laboratories Ltd. continues to face margin pressure in its API segment, due to intense pricing competition, particularly from Chinese manufacturers. API production increase from 448 MT in FY2024 to 496 MT in FY2025, reflecting only about 12% y-o-y growth. Within this, the API segment revenue increased by ~14% YoY from FY2023-25, driven by higher volumes but offset by lower realizations. The company reported a ~24% decline in average realizations per kg over the last two years, within the decline particularly sharp in Loratadine, Montelukast, and Desloratadine APIs, where Chinese competitors aggressively reduced prices. All API molecules have witnessed the decline in average realisation price. Loratadine, Desloratadine, and Montelukast together contribute around 45-60% of API revenues. The contribution of new-generation APIs (e.g., Fexofenadine and Bilastine) remains less than 10% of API revenues. Over the last 2–3 years, the product mix has not materially diversified, with legacy molecules continue to dominate the portfolio. While new generation APIs are growing, they still account for only a single-digit share of API revenues. However, the company new products are under development, and it takes about 3.5-4 year for start to development to reach the financial commercial production.

- **Raw material and price volatility risk:**

Raw material costs remain a critical cost component for Morepen Laboratories Ltd., with the company exposed to volatility in both domestic and imported inputs, particularly in the API and home health segments. While the company has mechanisms to pass on cost increases to customers, this is typically with a time lag, exposing margins to interim pressure. Given the price-sensitive nature of key raw materials, the company remains vulnerable to input cost fluctuations, which could impact profitability—an important credit monitorable.

- **Regulatory risk:**

Morepen operates in a highly regulated pharmaceutical industry, where adherence to stringent international standards is critical. Regulatory risk for the company stems from dependency on approvals, inspections, and certifications by global health authorities like the USFDA, WHO-GMP, EU-GMP, TGA (Australia), and Anvisa (Brazil), among others. While the company has a strong compliance track record with multiple approvals and certifications, any delay, suspension, or failure in regulatory clearances—especially concerning USFDA or EU inspections—could impact its exports, product launches, and overall revenue visibility. Additionally, country-specific filings indicate the company's exposure to jurisdictional regulatory frameworks. Thus, regulatory lapses or quality issues



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could lead to restricted market access, product recalls, or bans, adversely affecting creditworthiness.

Analytical Approach: For arriving at the ratings IVR has analysed MLL's credit profile by considering the standalone financial statements of the company.

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 – Strong

The company's liquidity profile is strong marked by gross cash accruals of Rs.130.74 crore as against the repayment obligation of Rs.1.34 crore in FY2025. Moreover, the company is expecting the gross cash accruals in the range of Rs.120.16 crore to Rs.160.90 crore which are sufficient for future repayment obligations during the FY2026-28. Furthermore, the current ratio of the company stood comfortable at 2.40x in FY2025. The average fund based working capital utilisation of the company stood low at ~49% for 12 months ending July 2025, leaving sufficient buffer in working capital lines.

About the Company

Morepen Laboratories Ltd. is an Indian pharmaceutical company that started its journey in 1984. Over the years, it has grown from a small manufacturer into a well-recognized name in both the Indian and global healthcare markets. The company makes medicines, health devices, and everyday healthcare products that are used by millions of people. Its popular consumer brand, "**Dr. Morepen,**" offers items like thermometers, blood pressure monitors, and glucose meters, which are widely available across India.

Financials (Standalone):

	(Rs. crore)	
For the year ended*/As on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	1537.59	1554.54
EBITDA	161.82	153.41
PAT	110.94	101.58
Total Debt	28.19	95.51
Tangible Net worth	884.93	1131.52
EBITDA Margin (%)	10.52	9.87



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For the year ended*/As on	31-03-2024	31-03-2025
PAT Margin (%)	7.16	6.47
Overall Gearing Ratio (x)	0.04	0.09
Interest Coverage Ratio (x)	46.11	21.60

**Classification 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 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based	Long Term	225.00*	IVR A- /Stable	-	-	-

**Including proposed facility of Rs.51.00 crore.*

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (Formerly Infomerics Valuation and Rating Private Limited) 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	-	-	March 2028	25.00	IVR A-/Stable
WCDL	-	-	-	129.00	IVR A-/Stable
Cash Credit	-	-	-	20.00	IVR A-/Stable
Proposed	-	-	-	51.00	IVR A-/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-morepen-laboratories-22aug25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined 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 [Complexity Level of Rated Instruments/Facilities](#).