June 29, 2026

Windlas Biotech Limited: Long-term rating reaffirmed, short term rating upgraded to [ICRA]A1+, rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term-Fund-based/Non-fund based- Working capital facilities	0.00	84.90	[ICRA]A+ (Stable)/[ICRA]A1+; Long-term rating reaffirmed, short-term rating upgraded from [ICRA]A1; ratings assigned for enhanced amount
Long-term/Short-term-Unallocated limits-Unallocated limits	0.14	0.00	-
Long-term-Fund-based-Cash credit	58.40	0.00	-
Long-term-Fund-based-Term loan	0.30	0.00	-
Total	**58.84**	**84.90**	

**Instrument details are provided in Annexure II*

Rationale

The short-term rating upgrade for Windlas Biotech Limited (WBL) factors in the sustained improvement in its liquidity position, as reflected in healthy cash and liquid investments balance, and ICRA's expectation that the same would continue to remain strong going forward. The company had a strong liquidity position, with cash and liquid investments of around Rs. 270 crore and buffer in the form of undrawn working capital lines which stood at around Rs. 28 crore as of March 31, 2026. The company also remains long-term debt free, with absence of long-term debt repayment obligations providing further comfort to its liquidity position.

The ratings reflect ICRA's expectations that WBL credit profile will remain comfortable, reflected by low leverage, healthy coverage metrics and liquidity, aided by a steady demand outlook for the pharmaceutical sector and WBL's well-established customer relationships and healthy market position in the contract manufacturing business driven by experienced promoter team at WBL. The company's trade generics division has been witnessing healthy growth, supporting its efforts to diversify its revenue base. ICRA notes that the company has set up an injectables facility, which is expected to provide incremental revenue generation, going forward. The company is also setting up another manufacturing plant in Dehradun (plant VI) and is expected to commence operations in the near term (H1 FY2027). Such capacity additions through setting up new plants and capacity enhancements in the existing plants are expected to benefit the company's operational profile and scale of operations in the medium to long term.

The ratings, however, remain constrained by WBL's relatively moderate scale of operations, with the company having clocked revenues of Rs. 904 crore in FY2026. While the company has been successful in reducing the client concentration over the years, it is to be noted that around 32% of WBL's CDMO revenues were generated from its top ten clients in FY2026, indicating moderate client concentration. However, in terms of segmental diversification, the improving share of revenues from the generics and export segments has added to the diversity; both of which are expected to scale up further. The company also remains exposed to competition and inherent regulatory risks, which are prevalent in the formulations contract development and manufacturing organisations (CDMO) and the pharmaceutical industry. The commencement of operations of the company's upcoming new plant is expected to support revenue growth momentum over the near to medium term. However, WBL's ability to ramp-up operations at the plant in a timely manner will remain crucial.

The Stable outlook on the long-term rating reflects ICRA's expectation that WBL's operational profile will remain healthy, supported by its stable CDMO operations and increasing trade generics division. The ramp-up in the upcoming new plant (plant VI), its client profile and overall operations will remain key rating monitorables. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Strong presence in the CDMO segment with extensive promoter experience – WBL has an established track record as a contract manufacturer for major pharmaceutical companies. In addition, the promoters have extensive experience in the pharmaceutical industry and have established relationships with several of the company's suppliers and customers, thus supporting its operational profile. In FY2026, the company catered to 926 clients in the CDMO space as compared to 757 clients catered in FY2025. Supported by new client addition, the CDMO segment of WBL registered a robust 20% revenue growth in FY2026. Such healthy growth in the CDMO segment revenues is largely attributed to the company's focus on a strong product pipeline and new customer acquisition. Besides, the trade generics business continues to grow and has witnessed a healthy scale-up in FY2025 and FY2026, supported by the company's growing distribution network of stockists across northern and western states with a focus on suburban and rural areas, which are under-penetrated in terms of accessibility of authentic drugs. Further, the increasing footprint of the Government's Jan Aushadhi stores is also supporting the company's business prospects in the trade generics segment. As a result, the revenue contribution from trade generics, including institutional sales, has grown over the years, to 22% in FY2026 from 10% in FY2021.

Diversified product portfolio along with ramp up in newly set-up injectables division and upcoming plant to augur well for WBL's operational profile – The company's injectables plant commenced commercial production in FY2026, which augurs well for the company's operational profile, aiding diversification in its product offerings, scale and margin profile. The company is also setting up another manufacturing plant (plant VI) in Dehradun (Uttarakhand), which is expected to provide further revenue growth opportunities over the medium term. However, timely ramp up in the scale of operations to generate commensurate returns on investments for plant VI as well as injectables plant remain monitorable. ICRA also notes active efforts undertaken by WBL to grow its chronic and sub-chronic portfolio, including anti-diabetic, cardiovascular, neuropsychiatry, respiratory health and nutraceuticals, which are fast growing areas and command higher margins. At present, the share of the chronic and sub-chronic segments is 50-55% of the total product portfolio. The company also caters to acute segments, including gastroenterology, analgesic, dermatological and cough/ cold. In terms of formulation composition, WBL primarily focuses on developing complex generic formulations for its CDMO clientele, involving a higher degree of expertise/ trained manpower. Consequently, this renders a high entry barrier while commanding elevated margins. Complex generics constitute 70-75% of WBL's product portfolio at present.

Healthy financial risk profile with comfortable debt protection metrics – WBL's financial risk profile remains healthy, supported by the healthy accruals generation and long-term debt free status. The company registered a healthy 19% revenue growth in FY2026, supported by healthy sales momentum seen across all three business verticals. RoCE continued to remain comfortable, at 16.8% in FY2026, although the same moderated from previous year on account of sizeable capex incurred towards setting up plant VI, which will be commissioned in FY2027. WBL's capital structure remains comfortable, with a gearing of 0.1 times as on March 31, 2026. The leverage and coverage indicators remain at comfortable levels owing to low debt levels and healthy profitability. While operating profit margin (OPM) moderated to an extent to 11.6% in FY2026 (PY[1]: 12.4%), the same was largely on account of ESOP[2]-related non-cash expenditure (provisioning) incurred during the year. No material impact on the company's business operations is expected from the West Asia crisis, as the open cost sheet model enables it

[1] Previous Year

[2] Employee Stock Ownership Plan

to pass on the increase in raw materials to its customers. That said, the company's ability to safeguard its margin profile going forward, in light of recent rise in raw material costs remains a monitorable.

Credit challenges

Moderate scale of operations with high segment concentration – Although the company is one of the leading formulations CDMO players in the organised domestic market, it remains a moderate-sized player in the overall formulations CDMO industry with an operating income (OI) of Rs. 904 crore in FY2026. ICRA, however, notes that the company plans to grow across all three business verticals, supported by the plant VI rollout, injectables facility and other expansions in existing capacities. With this, WBL is likely to maintain a healthy revenue growth momentum over the near to medium term.

Formulation CDMO business exposed to intense competition and inherent regulatory risks –WBL operates in a highly competitive and fragmented industry with inherent regulatory risks. The domestic generic formulation industry faces stiff competition from numerous contract manufacturers, multinational corporations (MNCs) as well as established domestic brands. The intense competition could restrict WBL's revenue growth and pricing flexibility. The business operations also remain exposed to regulatory restrictions in terms of pricing caps in domestic markets and product/facility approvals in export destinations. ICRA notes that WBL has successfully completed audits from the European Union Good Manufacturing Practices (EU-GMP) and South African drug authorities for its facilities; and these markets are expected to support exports in the medium term.

Moderate client concentration risk, which has gradually diluted over the recent years; strong reputation of clients mitigates the risk to an extent – The company faces moderately high client concentration risk with its top 10 customers accounting for around 32% of its overall CDMO sales in FY2026, much lower than around 47% in FY2024. However, the long-established nature of its client relationships and the healthy credit profile of its customers lend revenue visibility and lower risk of bad debts. A growing generics business has also added to the segmental diversity.

Environmental and Social Risks

Environmental considerations: The company does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations regarding the breach of waste and pollution norms, which may lead to an increase in operating costs and new capacity instalment costs. This may also require capital investments to upgrade its effluent treatment infrastructure to reduce carbon footprint and waste generation.

Social considerations: The company faces high industry-wide social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. Further, Government intervention related to price caps/controls also remains a social risk which entities in the pharmaceutical industry face.

Liquidity position: Strong

WBL's liquidity is strong, as evidenced by sizeable cash balances and liquid investments of Rs. 270 crore and unutilised working capital facilities of around Rs. 28 crore, as of March 31, 2026. Average working capital utilisation remained moderate, at 48% for the 10-month period ended December 2025. WBL's liquidity profile is further supported by comfortable cash flow generation of Rs. 50-60 crore in and no significant debt repayment obligations. The comfortable accruals position, supported by steady earnings, is expected to be adequate to fund its capex and working capital requirements.

Rating sensitivities

Positive factors – ICRA could upgrade WBL's ratings if it demonstrates scale up across its business verticals while improving its RoCE and maintaining its strong credit metrics, on a sustained basis.

Negative factors – Negative pressure on WBL's rating could arise in case of any material deterioration in debtor cycle, or inability to ramp up the new facility; or in case of any sizeable capex leading to material deterioration of credit metrics. Specific triggers would be TD/OPBITDA greater than 2.0 times on sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 2001, the Windlas Group originally comprised two companies – Windlas Biotech Private Limited (WBPL) and Windlas Healthcare Private Limited (WHC). WHC was an erstwhile subsidiary of WBPL, which was amalgamated into WBPL, and the merged entity was renamed Windlas Biotech Limited. WBL derives its business from three key business segments — its formulations contract development and manufacturing organization (CDMO) services & products (73% of FY2026 total turnover), domestic trade generics segment (22% of FY2026 total turnover) and exports (5% of FY2026 total turnover). WBL is among the leading CDMO players in domestic pharmaceutical formulations and currently operates five manufacturing facilities located at Dehradun (Uttarakhand), with all the plants being WHO-GMP compliant. In January 2025, the injectables facility received GMP certification from the Food Safety & Drugs Administration Authority of Uttarakhand, following an inspection in December 2024, confirming compliance with WHO's TRS guidelines in all five plants of the company. WBL is presently setting up a new manufacturing facility (plant VI) in Dehradun (Uttarakhand).

Key financial indicators (audited)

WBL (Standalone)	FY2025	FY2026
Operating income (OI)	759.9	904.1
PAT	61.0	66.5
OPBDIT/OI	12.4%	11.6%
PAT/OI	8.0%	7.4%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	0.3	0.3
Interest coverage (times)	21.5	21.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Jun 29, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based- Working capital facilities	Long Tem/ Short Term	84.90	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Fund-based-Cash credit	Long Term	0.00	-	Apr 07, 2025	[ICRA]A+ (Stable)	-	-	Feb 05, 2024	[ICRA]A+ (Stable)
Unallocated limits	Long Tem/ Short Term	0.00	-	Apr 07, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	Feb 05, 2024	[ICRA]A+ (Stable)/ [ICRA]A1
Fund-based- Term loan	Long Term	0.00	-	Apr 07, 2025	[ICRA]A+ (Stable)	-	-	Feb 05, 2024	[ICRA]A+ (Stable)
Fund-based- Cash credit	Short Term	0.00	-	-	-	-	-	Feb 05, 2024	[ICRA]A1
Non-fund based facilities	Short Term	0.00	-	-	-	-	-	Feb 05, 2024	[ICRA]A1

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	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 branches of Indian Banks/other similar borrowings	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	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

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

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) 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 can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term / Short Term-Fund Based/Non Fund Based - Working Capital Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Working Capital Facilities**	NA	NA	NA	84.90	[ICRA]A+ (Stable)/ [ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis – Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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