

Ref: BHL/ STEX 8/ 2025-26

Date: May 15, 2025

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| BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 Scrip Code: 539872 | National Stock Exchange of India Limited 5 th Floor, Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai-400051 Symbol: BAJAJHCARE |
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Dear Sir/Madam,

Sub: Intimation regarding Credit Rating under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that, India Ratings and Research (Ind-Ra) has revised the rating outlook on Bajaj Healthcare Limited (BHL) to Stable and affirmed/ assigned the credit ratings on bank facilities of the Company. In this regard, please find below the detailed rating actions as follows:

| Instrument Type | Maturity Date | Size of Issue (million) | Rating/Outlook | Rating Action |
|--------------------------------------|------------------|------------------------------------|-----------------------|---|
| Long Term Issuer Rating | - | - | WD | Withdrawn |
| Term loan | 28 February 2030 | INR892.3 | IND A-/Stable | Affirmed; Outlook revised to Stable from Negative |
| Term loan | 28 February 2030 | INR844.4 | IND A-/Stable | Assigned |
| Fund-based working capital limit | - | INR1565.5 (Reduced from INR2192.5) | IND A-/Stable/IND A2+ | Affirmed; Outlook revised to Stable from Negative |
| Non-fund based working capital limit | - | INR24 (Reduced from INR913) | IND A2+ | Affirmed |

The credit rating letter received from India Ratings and Research is attached as an Annexure.

Kindly take the same on record and acknowledge.

Thanking you

Yours faithfully,

**For and on behalf of Board of Directors of
Bajaj Healthcare Limited**

**Monica Tanwar
Company Secretary & Compliance Officer**

Encl: Rating Letter from India Ratings and Research

India Ratings Revises Outlook on Bajaj Healthcare’s Bank Facilities to Stable; Affirms ‘IND A-’

May 15, 2025
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Pharmaceuticals

India Ratings and Research (Ind-Ra) has revised the Outlook on Bajaj Healthcare Limited’s (BHL) bank facilities to Stable from Negative while affirming the ratings at ‘IND A-’. The detailed rating actions are as follows:

Details of Instruments

| Instrument Type | Date of Issuance | Coupon Rate | Maturity Date | Size of Issue (million) | Rating Assigned along with Outlook/Watch | Rating Action |
|--------------------------------------|------------------|-------------|------------------|--------------------------------------|--|---|
| Long-term Issuer Rating* | - | - | - | - | WD | Withdrawn |
| Term loan | - | - | 28 February 2030 | INR892.3 | IND A-/Stable | Affirmed; Outlook revised to Stable from Negative |
| Term loan | | | 28 February 2030 | INR844.4 | IND A-/Stable | Assigned |
| Fund-based working capital limit | - | - | - | INR1,565.5 (reduced from INR2,192.5) | IND A-/Stable/IND A2+ | Affirmed; Outlook revised to Stable from Negative |
| Non-fund based working capital limit | - | - | - | INR24 (reduced from INR913) | IND A2+ | Affirmed |

WD – Rating withdrawn

* Issuer rating has been withdrawn on the issuer’s request.

Analytical Approach

Ind-Ra continues to take a standalone view of BHL to arrive at the ratings.

Detailed Rationale of the Rating Action

The Outlook revision reflects strong growth in BHL's revenue and profitability in 9MFY25, coupled with the equity infusions during FY25-FY26 through preferential equity share allotment and share warrants, leading to the repayment of debt and funding for capex requirements. Ind-Ra notes the equity infusions have led to a significant improvement in the company's credit metrics, with its leverage remaining below 2x over the near to medium term.

The ratings reflect BHL's improving business mix, led by diversification in higher margin business formulations coupled with revenue emanating from contract development and manufacturing organisation (CDMO) business which has a long-term visibility of supplies and profitability. Ind-Ra notes although active pharmaceutical ingredient (API) pricing has stabilised, competition from China in its key products will continue to remain a monitorable. As per the management, BHL has backward integration in its large molecules which will offset any further pricing challenges. Ind-Ra will monitor the improvement in the working capital cycle and its impact on the credit metrics in the near term.

List of Key Rating Drivers

Strengths

- Healthy business profile
- Improved financial performance in 9MFY25; likely to be sustained in near term
- Likely improvement in leverage in FY25 due to debt repayment

Weaknesses

- Regulatory risks
- Foreign currency risk

Detailed Description of Key Rating Drivers

Healthy Business Profile: BHL is a vertically integrated pharmaceutical player with a presence in APIs and formulations. The company exports its products to regulated and semi-regulated markets. The API sales accounted for about 75% of the revenue in 9MFY25 (FY24: 89%), formulations contributed 17% (11%) and alkaloids (opium processing) business 8% (5%). BHC's revenue was well diversified, with the top five products contributing about 47% to the revenue in FY24 and its top 10 customers contributed around 25%. The company has established relationships with large global and Indian pharma companies. The company mitigates the business risk with its well-diversified product portfolio across diversified customer profiles and a strong distribution network across geographies. Ind-Ra notes the company has started supplies to its CDMO customers which contributed 8% to its 9MFY25 revenue for which the company has an ongoing orderbook for the same. BHL has also entered into CDMO contract which are into development phase and are likely to start generating revenue in the medium term.

India continues to be the largest market for BHL, contributing 79% to its total sales in 9MFY25 (FY24: 76%) while the US, Europe and the rest of the world market generate the rest. The company has also established a new facility with the capacity to process approximately 250 metric tonnes (MT) of opium gum and around 2,500MT of poppy straw. The management expects a substantial rise in revenue from opium processing, which is expected to significantly boost the company's EBITDA in the near to medium term. Ind-Ra notes that opium processing is a highly regulated business with strong oversight from government and regulatory agencies. Ind-Ra expects the business to be less competitive and steady cash generating over the long term given the stringent regulatory norms surrounding the production and distribution of these products.

Improved Financial Performance in 9MFY25; Likely to be Sustained in Near Term: BHL's revenue grew 14% yoy to INR3,881 million in 9MFY25 (FY24: INR4,734 million), backed by new product approvals and improving demand for the existing portfolio. BHL applied 42 drug master files (DMFs) in FY24. Its formulations accounted for 17% of its revenue in 9MFY25 (FY24: 11%; FY23: 12%), followed by API business (75%; 74%; 88%) and opium business (7%; 5%). During 9MFY25, the formulation business grew 85% yoy, and API (5% yoy) and opium processing (93% yoy).

The gross margins improved to 50% in 9MFY25 (FY24: 46%; FY23: 41%), mainly on account of a better product mix.

However, its EBITDA margins improved to 18% in 9MFY25 (FY24: 16%; FY23: 16%), due to higher other expenses led by research and development (R&D) initiatives. Ind-Ra expects the EBITDA margins to be 18%-19% over the next three-to-four years. As per the management, the overall focus will be on strategically expanding the product portfolio, consolidating presence in the high value segment and overall cost-optimisation measures. This would lend support to the margins in the medium term.

Likely Improvement in Leverage in FY25 due to Debt Repayments: BHL's credit metrics improved significantly in 1H FY25, led by the strong recovery in its EBITDA margin and a reduction in its total debt to INR2,057 million during 1H FY25 (FY24: INR3,328 million; FY23: INR4,152 million), following its preferential issue. The net leverage (total net debt/operating EBITDA) reduced to 2.2x in 1H FY25 (FY24: 4.3x; FY22: 3.7x). During 1H FY25, BHL raised INR2,050 million through a preferential issue of equity shares and convertible warrants. The company received INR1,522 million, which represents the full subscription amount for the equity shares and 25% of the subscription amount for the convertible warrants with balance 75% to be received in the next 18 months from date of allotment of 19 September 2024. BHL utilised the amount to repay the working capital loans of INR1,500 million. The gross interest coverage (operating EBITDA/gross interest expense) increased to 3.1x in 1H FY25 (FY24: 2.6x; FY23: 4.7x). Ind-Ra expects the net leverage to remain below 2x over the short to medium term, led by an improvement in the EBITDA and realisation of funds from share warrants issuance during FY26.

Regulatory Risk: BHL has five manufacturing plants of APIs, one formulation facility and one intermediate facilities. It exports to over 60 markets, including Europe, the US, Australia, Africa, the Middle East, South America, Australia, New Zealand, Sri Lanka, and Southeast Asia. The company plans to expand its presence to 100 countries over the next few years. In terms of revenue, the regulated markets such as the US, Switzerland and Spain contributed around 60% to BHL's total export sales of INR1,136 million in FY24. Ind-Ra highlights any non-compliance pertaining to the manufacturing facility could hamper new product approvals from several regulatory agencies, which will adversely impact the revenue. Ind-Ra notes BHL's strong presence in the domestic market and diversified presence across geographies will mitigate the negative impact from adverse action from one regulator.

Foreign Currency Risk: BHL derives over 20% of its revenue in foreign currency, whereas significant part of its costs is incurred in Indian rupee. BHL has presence in multiple developed and emerging markets including Africa, where the currencies have been volatile. Hence, the company is exposed to any adverse movement in foreign exchange rate.

Liquidity

Adequate: The unencumbered cash and cash equivalents stood at INR215 million as on 30 September 2025 (FY24: INR22 million; FY23: INR177 million). The average utilisation of the fund-based limits was 57% for the 12 months ended March 2025. BHL's cash flow from operations stood at INR257 million in 1H FY25 (FY24: INR923 million; FY23: INR222 million), mainly owing to its improved EBITDA. The free cash flow also improved to INR199 million in 1H FY25 (FY24: INR93 million; FY23: negative INR1,058 million), owing to the strong cash flow from operations and limited capex. BHL's working capital cycle (on sales basis) increased to 181 days in FY24 (FY23: 127 days) due to an increase in the receivable days to 139 (98) following delayed payment from single debtor. The trade receivables stood at INR1,860 million at FYE24 (FYE23: INR2,000 million) with a single debtor with over dues of INR366 million (INR204 million) accounting for a major share. BHL has been taking initiatives to recover the outstanding receivables. The company's ability to control the working capital cycle is a key rating monitorable.

Rating Sensitivities

Positive: A significant increase in the scale of operations and the profitability while improving the gross working capital cycle, resulting in the net leverage reducing below 2.0x, on a sustained basis, could lead to a positive rating action.

Negative: A significant decline in the scale of operations and the EBITDA margins, along with deterioration in the gross working capital cycle, liquidity position and overall credit metrics, with the net leverage remaining above 3.0x, all on a sustained basis, will be negative for the ratings.

Any Other Information

Not applicable

About the Company

Incorporated in 1993, BHL manufactures APIs and branded and generic formulations. It has five API manufacturing plants, located in Tarapur, Maharashtra, and Vadodara in Gujarat: one manufacturing plant of finished formulations in Vadodara, Gujarat and one manufacturing plants of intermediates in Tarapur, Maharashtra.

Key Financial Indicators

| Particulars | 9MFY25 | FY24 | FY23 |
|-----------------------------|--------|-------|-------|
| Revenue (INR million) | 3,881 | 4,734 | 6,733 |
| EBITDA (INR million) | 707 | 763 | 1.068 |
| EBITDA margin (%) | 18.2 | 16.1 | 15.9 |
| Gross interest coverage (x) | 3.2 | 2.6 | 4.7 |
| Net leverage (x) | - | 4.3 | 3.7 |
| Source: BHL; Ind-Ra | | | |

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

| Instrument Type | Current Rating/Outlook | | | Historical Rating/Outlook | |
|-----------------------|------------------------|------------------------|-----------------------|---------------------------|-----------------------|
| | Rating Type | Rated Limits (million) | Rating | 16 Feb 2024 | 18 November 2022 |
| Issuer rating | Long-term | - | WD | IND A-/Negative | IND A-/Stable |
| Term loan | Long-term | INR1,736.7 | IND A-/Stable | IND A-/Negative | IND A-/Stable |
| Fund-based limits | Long-term/Short-term | INR1,565.5 | IND A-/Stable/IND A2+ | IND A-/Negative /IND A2+ | IND A-/Stable/IND A2+ |
| Non-fund-based limits | Short-term | INR24 | IND A2+ | IND A2+ | IND A2+ |

Bank wise Facilities Details

The details are as reported by the issuer as on (15 May 2025)

| # | Bank Name | Instrument Description | Rated Amount (INR million) | Rating |
|---|-----------------------|----------------------------------|----------------------------|-----------------------|
| 1 | Saraswat Bank | Fund Based Working Capital Limit | 365.5 | IND A-/Stable/IND A2+ |
| 2 | Saraswat Bank | Term Loan | 881.5 | IND A-/Stable |
| 3 | Union Bank of India | Term Loan | 20.7 | IND A-/Stable |
| 4 | Union Bank of India | Fund Based Working Capital Limit | 1100 | IND A-/Stable/IND A2+ |
| 5 | SVC Co-operative Bank | Fund Based Working Capital Limit | 100 | IND A-/Stable/IND A2+ |

| | | | | |
|---|-----------------------|---------------------------------------|-------|---------------|
| 6 | SVC Co-operative Bank | Term Loan | 234.5 | IND A-/Stable |
| 7 | Saraswat Bank | Term loan | 450 | IND A-/Stable |
| 8 | Union Bank of India | Non-fund-based working capital limits | 24 | IND A2+ |
| 9 | Bajaj Finance | Term loan | 150 | IND A-/Stable |

Complexity Level of the Instruments

| Instrument Type | Complexity Indicator |
|---------------------------------------|----------------------|
| Fund-based working capital limits | Low |
| Non-fund-based working capital limits | Low |
| Term loan | Low |

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Short-Term Ratings Criteria for Non-Financial Corporates

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