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**Date: June 04, 2025**

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|---|---|
| **BSE Limited**<br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai- 400001<br>**Scrip Code: 544292, ISIN: INE013P01021**<br>**Scrip Code: 975645, ISIN: 1NE013P07028** | **National Stock Exchange of India Limited**<br>Exchange Plaza, C-1, Block G,<br>Bandra Kurla Complex,<br>Bandra (E)<br>**Mumbai – 400 051**<br>**Symbol: ONESOURCE** |

Dear Sir/Madam,

**Subject: Intimation under Regulation 30 and Regulation 51 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')**

Pursuant to Regulation 30 and Regulation 51 read with Part A, Para A and Part B, Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), we wish to inform that the India Ratings & Research has assigned a credit rating of [IND A-; Outlook: Positive] for the bank facilities of OneSource Specialty Pharma Limited.

Copy of the press release issued by India Ratings and Research is enclosed herewith in **Annexure**.

This intimation is in accordance with the SEBI Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11,2024.

The same has been made available on the Company's website at https://www.onesourcecdmo.com/investor-relations/stock-exchange-intimation/. This is for your information and records.

Kindly take the same on record and acknowledge.

**For OneSource Specialty Pharma Limited**

Trisha A Digitally signed by Trisha A
Date: 2025.06.04 10:33:17
+05'30'

**Trisha A**
**Compliance Officer and Company Secretary**
**Membership Number: A47635**

India Ratings & Research
A Fitch Group Company

# India Ratings Assigns Onesource Specialty Pharma's Bank Facilities 'IND A-'; Outlook Positive

Jun 03, 2025 | Pharmaceuticals

India Ratings and Research (Ind-Ra) has rated Onesource Specialty Pharma Limited's (OSPL) bank facilities 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 |
|---|---|---|---|---|---|---|
| Term loan | - | - | 31 March 2029 | INR2,015.09 | IND A-/Positive | Assigned |
| Fund-based working capital limits | - | - | - | INR5,200 | IND A-/Positive/IND A1 | Assigned |
| Non-fund-based working capital limits | - | - | - | INR200 | IND A1 | Assigned |

## Analytical Approach

Ind-Ra has fully consolidated OSPL and its wholly owned subsidiaries, Biolexis Private Limited, Stelis Pte. Limited, Singapore, Stelis Biopharma UK Private Limited, Strides Pharma Services Private Limited, Steriscience Specialities Pte. Limited, Singapore, Biolexis Pte. Ltd, Singapore, Strides Softgels Pte. Ltd., Singapore to arrive at the ratings, as all companies operate under a similar line of business and have a common management.

## Detailed Rationale of the Rating Action

The ratings reflect OSPL's capabilities in the contract development and manufacturing (CDMO) business, with presence in the niche and high revenue growth/healthy EBITDA margin segments. Until FYE24, OSPL had capabilities in biologics and drug device combination (DDC) products. In FY25, Strides Pharma Science Ltd's softgels business and Steriscience Pharma Pvt Ltd's injectables business was merged with OSPL, thereby augmenting OSPL's scale of operations.

The Positive Outlook reflects Ind-Ra expectation that OSPL would continue to report healthy revenue/EBITDA in its soft gel capsules (SGC)/injectable business (financials available only from 3QFY25 onwards) and the improved visibility on the commercialisation of its Glucagon-like peptide 1 (GLP-1) contracts. The DDC segment is likely to register moderate growth in FY26, supported by a strong pipeline of master service agreement (MSA) contracts and the initiation of commercial supply agreement (CSA) revenues. Despite OSPL's capex plans for capacity enhancement, Ind-Ra expects the credit metrics to remain healthy in the near-to-medium term, aided by long-term contracts for the supply of GLP-1 products to its global clients. Ind-Ra will monitor OSPL's evolving revenue profile, product concentration risk and price volatility, which could have a bearing on its business profile in the medium-to-long term. Ind-Ra will monitor the outcome of the arbitration in lieu of contingent liabilities of INR11 billion on books and its impact on the credit metrics, if any.

## List of Key Rating Drivers

**Strengths**

- Healthy business profile; strong clientele
- Strong GLP-1 revenue opportunity during FY26 and beyond
- Healthy financial performance during FY25, likely to improve in medium-to-long term

- Credit metrics improved during FY25; likely to remain stable in medium term

**Weaknesses**

- Regulatory and approval risks
- Foreign currency risk
- Significant contingent liabilities

## Detailed Description of Key Rating Drivers

**Healthy Business Profile; Strong Clientele:** OSPL is a Bangalore-based CDMO player in the pharmaceutical sector, with a significant presence in highly regulated markets such as the US and other developed markets. OSPL is a multi-modality CDMO platform, with offerings in DDC, including GLP-1, biologics, SGC and sterile fill finish products. While OSPL had existing capabilities in DDC and Biologics, the SGC and sterile fill finish businesses were carved out from other promoter group companies and merged in OSPL during FY25. The business profile benefits from steady state revenue/EBITDA generation in the SGC and injectables business, while its DDC business benefits from long-term supply contracts (10 years) with key global clients with minimal working capital requirement, upfront capacity reservation fees, and supply commitments from clients.

Given its vintage in the businesses and capabilities, OSPL has been able to build a healthy customer profile in various segments, namely DDC (over 25 GLP-1 customers, including four of the top five global generic players), sterile injectables (more than 17 customers primarily in regulated markets), SGC (more than 40 customers primarily in regulated markets) and biologics (more than 10 ongoing projects and onboarded one large innovator animal health company), according to the management.

**Strong GLP-1 Revenue Opportunity During FY26 and Beyond:** GLP-1 products, which are peptide hormonal products, cater to the diabetes/obesity category, which witness global sales of over USD50 billion annually. With the GLP-1 molecules going off-patent over FY26-FY28, Ind-Ra expects OSPL to garner supply share of the generic CDMO market, given that the company has the integrated capability to manufacture drug-device combinations and would benefit from long-term supply contracts. OSPL booked MSA revenue of over USD35 million each during FY24 and FY25, implying strong visibility of supply once the products become commercial. OSPL has two revenue streams in the DDC segment - MSA, in which revenue is generated prior to the receipt of approvals, and CSA, in which revenue is generated post the receipt of approvals. Ind-Ra believes OSPL would have received over INR2 billion of advances towards these supplies during FY25.

OSPL expects to increase the capacities for cartridges to 5x by FY28 from 40 million units at present, with the first phase of capacities reaching 100 million by 4QFY26 and 220 million by FY28. It also aims to increase prefilled syringe capacity to 50 million units from 38 million and vial capacity to 50 million units from 28 million by 3QFY26.OSPL plans to spend USD100 million capex over the same period, funded largely via combination of internal accruals, partner commitments, and debt.

**Healthy Financial Performance During FY25, Likely to Improve in Medium-To-Long Term:** The consolidated revenue grew 740% yoy to INR14,449 million in FY25, backed by the integration of the SGC and injectable businesses and higher traction in the DDC business, led by development and milestone income from the MSAs. The EBITDA margins improved to 32% in FY25 (FY24: EBITDA loss), led by integration benefits and higher EBITDA-generating MSA contracts. OSPL has guided for revenue growth of 30% CAGR during FY25-FY28, with a steady-state EBITDA margins of about 40%, led by DDCs, injectables and SGC. The scale of the revenue opportunity in the anti-diabetic/obesity market is large, and there is an underserved demand in the developed and emerging markets. OSPL's long-term supply commitments with adequate cost pass through mechanism with its clients is a key positive, in Ind-Ra's view. As of March 2025, there was goodwill of INR38,275 million and other intangible assets of INR13,926 million on the books, which has been constraining the reported ROCE (due to integration of businesses). Strides Pharma Science (promoter group entity) is a front-end partner for selling SGC in the US, and OSPL also pays support services fees to Strides for using its facilities.

**Credit Metrics Improved during FY25; Likely to Remain Stable In Medium Term:** The interest coverage (EBITDA/gross interest expenses) stood at 2.8x in FY25 (FY24: not meaningful) and the net leverage (net debt/EBITDA) at 1.5x (not meaningful). OSPL received INR8,755 million during FY25 due to its equity listing on stock exchanges, of which a significant portion was utilised for retiring high-cost debt on books. Despite the planned capex of USD100 million, Ind-Ra expects the net leverage to remain below 2x in the near-to-medium term, due to significant cash generation, aided by sales of GLP-1 products and debt repayments. While the company will continue to invest in capex over FY25-FY28, it is likely to be funded by internal accruals.

**Regulatory and Approval Risks:** The company's customers are primarily based in regulated markets and other export markets, which contributed over 87% to OSPL's total sales in FY25. The company's track record of handling United States Food and Drug Administration (USFDA) inspections has been strong. Being a preferred contract research and manufacturing services player for global pharma companies, OSPL's manufacturing facilities have been inspected by these players on a regular basis. Despite the recent increase in USFDA scrutiny on all Indian manufacturing facilities, OSPL has maintained its successful track record of regulatory inspection. Ind-Ra expect CSA revenues to begin contributing from 4QFY26, subject to the timely receipt of regulatory approvals by customers across key geographies.

**Foreign Currency Risk:** OSPL derives a significant share of its revenue in foreign currency, whereas majority of its costs are incurred in the Indian rupee. Hence, the company is exposed to the risks arising from any adverse movements in foreign exchange rates. However, the company takes a forward cover to hedge a portion of its export revenue and receivables. This helps it to mitigate the forex risk to a certain extent.

**Significant Contingent Liabilities:** OSPL had contingent liabilities of INR11,648 million (USD136 million) on its books at FYE25 owing to the termination of its supply contract with its manufacturing partner for Sputnik Light Vaccines by its subsidiary, Biolexis Pte Limited. OSPL has raised a counterclaim for the refund of the capacity fee of INR1,164 million (USD13.6 million), which is pending with the arbitration centre. Ind-Ra has not considered any potential cash outflow in lieu of the same in its estimates.

## Liquidity

**Adequate**: On a consolidated basis, OSPL had adequate cash balances and liquid investments of INR2,428 million at FYE25 (FYE24: INR223 million), against repayment liabilities of INR1,304 million, INR1,093 million and INR1,120 million for FY26, FY27 and FY28, respectively. The transfer of all debt obligations to OSPL post-merger was completed in February 2025. The average month-end utilisation for its fund-based limits was 77% for the two months ended April 2025. The working capital cycle stood at 70 days in FY25, with inventory holding period of 67 days and receivable period of 105 days. The creditor days (excluding contractual liabilities) stood at 44 days during FY25. The working capital cycle numbers are not comparable with FY24 due to the business restructuring that took place in FY25.

## Rating Sensitivities

**Positive: The** following developments, individually or collectively, could be positive for the rating:

- continued strong performance in the softgel and injectable segments, with healthy margins
- successful commercialization and scaling of GLP-1 contracts, leading to an improvement in the revenue and profitability
- net leverage (net debt /EBITDA) reducing below 1.5x, on a sustained basis

**Outlook to Stable:** Deterioration in the revenue and margins and /or slower-than-expected ramp-up of GLP-1 product commercialization and/or higher-than-Ind-Ra-expected debt-funded capex, leading to the net adjusted leverage exceeding 1.5x, on a sustained basis, could be negative for the ratings.

## Any Other Information

Not applicable

## About the Company

OSPL is a fully integrated, multi-modality specialty pharmaceutical CDMO company, focused on developing and manufacturing DDCs, biologics, sterile injectables and oral technologies like soft gelatin capsules for its customers out of five globally compliant facilities located in Bengaluru.

## Key Financial Indicators

| Particulars (Consolidated) | FY25 | FY24# | FY24* |
|---|---|---|---|
| Revenue (INR million) | 14,449 | 1,719 | 10,891 |
| EBITDA (INR million) | 4,665 | (882) | 2,247 |
| EBITDA margin (%) | 32 | (51) | 21 |
| Gross interest coverage (x) | 2.80 | (0.99) | NA |
| Net leverage (x) | 1.50 | (6.34) | NA |
| Source: OSPL; Ind-Ra.<br>NA- Not available | | | |

# The effective date for restructuring is 1 April 2024; hence, FY24 data is not comparable.

* Prior period numbers are proforma and have been reclassified to align with current period to make it comparable.

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

| Instrument Type | Current Rating/Outlook | | |
|---|---|---|---|
| | Rating Type | Rated Limits (million) | Rating |
| Fund-based working capital limits | Long-term/Short-term | INR5,200 | IND A-/Positive/IND A1 |
| Non-fund-based working capital limits | Short-term | INR200 | IND A1 |
| Term loan | Long-term | INR2,015.09 | IND A-/Positive |

## Bank wise Facilities Details

## 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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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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## Solicitation Disclosures

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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**