



Press Release

Natural Capsules Limited

March 19, 2026

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Facilities	56.35	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Facilities	2.80	IVR A4+ (IVR A Four Plus)	-	Rating Assigned	Simple
Total	59.15 (Rupees Fifty-Nine Crore and Fifteen Lakh only)				

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

Detailed Rationale

The assignment of the ratings by Infomerics to the bank facilities of Natural Capsules Limited (NCL) factors the improvement in scale of operations, geographical diversification and low customer concentration risk.

The ratings, however, are constrained by decline in profitability and moderate credit metrics. The 'Stable' outlook indicates that NCL is expected to continue to derive benefits out of the vast experience of the promoters in the industry and expected improvement in revenue and profitability.

Key Rating Sensitivities:

- **Upward Factors**
 - Substantial & sustained growth in scale of operations with improvement in profitability leading to improvement in the debt protection metrics & capital structure.
- **Downward Factors:**
 - Any decline in revenue and profitability leading to deterioration in debt protection metrics & capital structure or
 - Decline in the DSCR



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List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Extensive experience of the promoters

NCL benefits from the extensive experience of its promoters and directors, who collectively bring over three decades of expertise in the pharmaceutical and capsule business. The company is owned and managed by the Mundra family, with strong experience in finance, management, marketing, and commercial operations. The Board is further strengthened by Independent Directors with significant experience in banking, investment banking, global business, pharmaceuticals, and economic environments. Their combined expertise has enabled NCL to maintain strong stakeholder relationships, ensure sound financial management, and navigate industry challenges effectively.

Improvement in the scale of operations

The company reported 11.03% decline in total operating income in FY24 (Refer period April 01, 2023 to March 31, 2024) compared to FY23 (Refer period April 01, 2022 to March 31, 2023), primarily due to post-COVID inventory correction in the gelatine capsule segment. As customers reduced fresh purchases and utilized excess stock built during the pandemic, demand and realizations remained under pressure, impacting overall performance. However, performance improved in FY25 (Refer period April 01, 2024 to March 31, 2025), with operating income rising 9.19% to Rs 167.94 crores from Rs 153.81 crores in FY24, driven by stronger domestic demand, improved export orders, and better capacity utilization. Revenue for H1FY26 stood at Rs 89 crores compared to Rs 80 crores in H1FY25, supported by improved volumes, higher utilization levels, and contribution from the 8th HPMC line. Demand conditions improved as inventory correction eased, and despite US tariff-related challenges, export sales remained stable. As of November 2025, revenue reached Rs 114 crores, supported by steady order inflows and continued production ramp-up, providing visibility for the remainder of FY26.

Geographical Diversification and Low Customer Concentration Risk

NCL operates in both domestic and international markets, with a higher contribution from the domestic segment, and has a presence across 27 states in India and 43 countries globally. This broad geographical reach provides diversification benefits and reduces dependence on



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any single market. Additionally, the company caters to a diversified customer base across regions, resulting in low customer concentration risk and supporting revenue stability.

B. Key Rating Weaknesses:

Decline in the profitability

The company's profitability has moderated, with PAT declining from Rs 7.81 crores in FY24 to Rs 6.71 crores in FY25, marking a 14% decline over FY24. The decline was primarily due to pricing pressure, higher freight costs, increased statutory provisions, and ESOP-related expenses. EBITDA margin decreased from 13.50% in FY24 to 11.49% in FY25, while PAT margin declined from 4.97% to 3.90%, reflecting the combined impact of lower operating margins and additional expenses. Improvement in the operating profitability shall remain a critical rating factor over the medium term.

Moderate credit metrics

The overall gearing ratio stood at 1.44 times as on March 31, 2025 as compared to 1.48 times as on March 31, 2024, reflecting a decline in debt levels. The Debt Service Coverage Ratio (DSCR) was 2.32x in FY24 and moderated to 1.83x in FY25 due to lower gross cash accruals available for debt servicing. The interest coverage ratio declined from 4.20 times in FY24 to 3.27 times in FY25, primarily on account of reduced EBITDA along with higher interest expenses. Total Debt/GCA improved from 8.21 times in FY24 to 7.62 times in FY25, supported by a marginal increase in GCA and a reduction in debt. The Total Debt/EBITDA ratio stood at 6.48 times in FY25, compared to 6.35 times in FY24. The ratio of Total Outside Liabilities to Adjusted Tangible Net Worth (TOL/ATNW) increased from 1.90 times in FY24 to 1.98 times in FY25, mainly due to higher unsecured loans extended to subsidiaries. The above ratios are adjusted for NCL's exposure to its subsidiaries, including investments, loans, and the corporate guarantee extended for subsidiary's external borrowings.



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Challenges and risks constraining growth in the Indian pharmaceutical sector

NCL operates in a highly competitive and risk-exposed environment, both domestically and internationally. In the gelatine capsule and HPMC segments, the company faces intense competition, particularly from Chinese manufacturers, which limits its pricing flexibility and ability to fully pass on raw material cost increases. Currently, 15–20% of gelatine is imported, and with the planned HPMC capacity expansion, import dependence is expected to rise, exposing the company and its subsidiary to raw material price volatility and foreign exchange fluctuations, which the company intends to manage through forward contracts. These sector-specific challenges are compounded by structural pressures in the Indian pharmaceutical industry, including pricing constraints under the National Pharmaceutical Pricing Authority (NPPA), high regulatory oversight from agencies such as the Central Drugs Standard Control Organization (CDSCO) and the US FDA for exports, significant reliance on imported APIs, long receivable cycles in export markets, compliance risks, and persistent margin pressures in the competitive generics space.

Analytical Approach: Standalone

In the absence of complete information on the subsidiaries, all necessary adjustments have been made to the standalone financials to reflect investments and loans & advances to the subsidiaries (NBPL and NPPPL), as well as corporate guarantees in relation to subsidiary exposure. Infomerics has also factored in the funding support that may arise in the future towards these entities.

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](#)



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Liquidity: Adequate

The gross cash accruals of the company stood at Rs 16.06 crores in FY24 and Rs 16.40 crores in FY25 as against loan obligations of Rs 4.10 crores and Rs 6.29 crores respectively. The company is expected to generate cash accruals of Rs 20.62 crores in FY26 as against the debt obligation of Rs 5.44 crores. The average working capital utilization for the past twelve months ended December 2025 remained high at ~90%. The current ratio of the company stood at 1.26x as on March 31, 2024 and 1.23x as on March 31, 2025. The cash and cash equivalents as on March 31, 2025 is Rs 0.67 crores and Rs 0.18 crores as on November 30, 2025.

About the company

Natural Capsules Limited (NCL) is a manufacturer of hard capsule shells for the pharmaceutical industry in Bengaluru. Incorporated in 1993 and listed on BSE in 1994 and NSE in 2025. The company produces hard gelatine capsule shells, hard cellulose (HPMC) capsule shells, and pharmaceutical dosage forms in capsule format. The company has two subsidiaries Natural Phyto Pharma Private Limited (NPPPL) and Natural Biogenex Private Limited (NBPL).

Financials (Standalone):

For the year ended* / As on	(Rs. Crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	153.81	167.94
EBITDA	20.77	19.30
PAT	7.81	6.71
Total Debt	131.95	125.01
Tangible Net worth	88.96	86.84
EBIDTA Margin (%)	13.50	11.49
PAT Margin (%)	4.97	3.90
Overall Gearing ratio (X)	1.48	1.44
Interest coverage (x)	4.20	3.27

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: None



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Rating History for last 3 years:

Sr. No.	Name of 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	Cash Credit	Long Term	30.00	IVR BB+/Stable	-	-	-
2	Term Loans	Long Term	26.35	IVR BB+/Stable	-	-	-
3	Letter of Credit	Short Term	2.00	IVR A4+	-	-	-
4	Forward Contract	Short Term	0.30	IVR A4+	-	-	-
5	PSR	Short Term	0.50	IVR A4+	-	-	-

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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.



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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: Facility details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	30.00	IVR BB+/Stable
Term Loans	-	-	-	Up to August 2030	26.35	IVR BB+/Stable
Letter of Credit	-	-	-	-	2.00	IVR A4+
Forward Contract	-	-	-	-	0.30	IVR A4+
PSR	-	-	-	-	0.50	IVR A4+

Annexure 2: Facility wise lender details

https://infomericstorage.blob.core.windows.net/uploads/Len_Natural_Capsules_19mar26_04407f2b0a.pdf

Annexure 3: Detailed explanation of covenants of the rated security/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.