



Press Release

Nestor Pharmaceuticals Limited

May 26, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	57.71 (reduced from Rs.62.70 crore)	IVR BB+/Stable [IVR Double B Plus with Stable Outlook] (Withdrawn)	IVR BB; Negative; ISSUER NOT COOPERATING* (IVR Double B; Negative Outlook; ISSUER NOT COOPERATING*)	Rating Upgraded removed from Issuer Not Cooperating category, Outlook revised and simultaneously Withdrawn	Simple
Short term Facilities	30.00	IVR A4+ [IVR A Four Plus] (Withdrawn)	IVR A4; ISSUER NOT COOPERATING* (IVR A Four; ISSUER NOT COOPERATING*)	Rating Upgraded removed from Issuer Not Cooperating category and simultaneously Withdrawn	Simple
Total	87.71 (Rupees Eighty-seven crore and Seventy-One lakhs only)				

**Issuer Not co-operating, based on best available information*

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

Infomerics Valuation and Rating Limited has withdrawn the ratings assigned to the bank facilities of Nestor Pharmaceuticals Limited (NPL) with immediate effect.

No Objection Certificate has been received from all the rated lenders. The company request for withdrawal has also been received. The rating withdrawn is in line with Infomerics' policy on withdrawal of rating and as requested by the company.

The upgrade of rating by Infomerics Ratings to the bank facility of NPL factors in the improvement in the scale of operations along with the marginal increase in the profitability during FY24 (refers to the period from April 01, 2023 to March 31, 2024).

The rating also continues to factor in the comfortable financial risk profile with a comfortable order book position indicating a near to medium term revenue visibility. However, the rating strengths are constrained by working capital intensive nature of operations, vulnerability to change in government/regulatory policies and volatility in raw material prices and high operating cycle.



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The 'Stable' outlook reflects experienced promoter group in similar line of business along with the increase in the scale of operations, albeit with continuous elongation in the collection cycle resulting in moderate operating cycle.

Key Rating Sensitivities:

Upward Factors

- Sustained & significant improvement in revenue & profit margins
- Sustenance of capital structure while maintaining the debt protection parameters
- Efficient working capital management with improvement in liquidity

Downward Factors

- Dip in operating income and/or decline in profit margins impacting the debt coverage indicators or any other moderation impacting the overall financial profile of the company.
- Elongation in the operating cycle impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoter & management team

The company is managed by experienced promoter, Mr. Rahul Sehgal has a rich experience of more than four decades in the pharmaceuticals industry and is instrumental in development of the company. Having operated in industry since years now, the management has established a strong network with suppliers and customers. Beside the promoter, the company has a team of experienced and capable professionals, having over two decades of experience in the segment, to look after the overall operations and day to day management.

Established market position with a wide product portfolio

NPL has an established market position in India in pharmaceutical formulations supported by extensive experience of its promoter, its established marketing network and a wide product portfolio consisting of Tablets, Capsules, inject able, Syrups / Suspension, Ointments, Dry Powder, Ear/ Eye Drops representing a range of clinically proven products developed from scientifically validated and licensed products. The pharmaceutical formulations in different therapeutic groups include Cardiovascular, Anti Diabetic, Anti-Malarial, Anti allergic, Anti-Diarrheal, Anti TB, Anti Inflammatory, Anti-Depressant, Multi Vitamins, Antacid, Analgesic,



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Anti-Pyretic, Antibiotics, Cough & Cold, Pain Management, Muscle Relaxant, etc. The company has acquired around 200 trademarks till date.

Reputed clientele

The company derives majority of its revenue from State Government Institutions and has developed an established & longstanding relationship with various state bodies. The clientele of the company includes various state Public Health Services Corporations Ltd, alongwith other private players. The company's good quality products at reasonable pricing has led to continuous and strong order book from various State Government Institutions.

Stable scale of operations, albeit moderation in the profitability

The company reported total income of Rs.204.92 Crore in FY24 as compared to Rs.202.00 Crore during FY23 (refer to period from April 01, 2022 to March 31, 2023), backed by the increase in the orders received from the various state governments and timely execution of the same, followed by increase in ongoing demand in domestic and international market for the pharma products. The company has also reported an increase in turnover to around Rs.222.00 crore in FY25 (refer to period from April 01, 2024 to March 31, 2025). Furthermore, with the stable scale of operations reported in FY24, the company reported almost stable operating profitability of 12.21% (FY23 : 12.09%). However, with the reduction in interest and finance charges, the company has reported improvement in the PAT margins to 7.20% in FY24 (FY23 : 5.82%).

Comfortable financial risk profile

The financial risk profile of the company remained comfortable over the years marked by its below unity overall gearing ratio and long-term debt to equity ratio backed by accretion of profits to reserves. Further, the TOL to TNW stood at 1.04x as on March 31, 2024 (As on March 31, 2023 : 1.35x). The debt protection metrics of the company improved and remained comfortable marked by interest coverage of 3.01x in FY24 (FY23 : 2.34x).

Healthy order book position indicating a near to medium term revenue visibility

The company has a comfortable order book position comprising orders from various State government Institutions to the tune of ~Rs.53.19 Crore as on April 01, 2025, depicting comfortable revenue visibility in the near to medium term.



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Key Rating Weaknesses

Working capital intensive nature of operations

NPL's business has huge working capital requirements, as reflected in the elongated collection cycle of days of 160-190 days for the two years ended on March 31, 2024, followed by average inventory holding period of ~50 days as on March 31, 2024 (As on March 31, 2023 : 81 days) thereby affecting the operating cycle of the company, which stands at around 200 days as on March 31, 2024. The operating cycle is expected to remain elongated due to the collection cycle of more than 4-6 months offered to the institutional buyers.

Vulnerability to change in government/regulatory policies and volatility in raw material prices

The pharmaceutical industry is highly regulated, and hence, any adverse change in government/regulatory policies can impact the business risk profile of the Company. Moreover, intense competition in the generics business limits the pricing flexibility of players. Raw materials account for 60-70% of the cost of sales, and operating margin remains susceptible to any sharp change in input prices.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of Ratings](#)

[Policy on Issuer Not Cooperating](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term with comfortable liquidity buffer with average utilization of ~78% over the 6 months ended March 2025. The current ratio is comfortable at 2.03x as on March 31, 2024. However, though



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improved on y-o-y basis the working capital cycle continued to remain stretched, which is by virtue of inherent nature of business of majorly supplying to Government / Health Departments of various state government. The availability of the liquidity for the smooth operations and debt servicing will continue to remain a key rating monitorable. However, the cash and bank balance continued to remain moderate for the period.

About the Company

Nestor Pharmaceuticals Ltd (NPL) incorporated in 1975, engaged in the pharmaceuticals business for more than four decades with expertise in manufacture and marketing of a wide array of ethical allopathic branded and generic formulations. The existing product portfolio consists various products in the form of Tablets, Capsules, Injectable, Syrups / Suspension, Ointments, Dry Powder, Ear/ Eye Drops and so on in various therapeutic segments including Cardiovascular, Anti Diabetic, Anti-Malarial, Anti allergic, Anti-Diarrheal, Anti TB, Anti Inflammatory, Anti-Depressant, Multi Vitamins, Antacid, Analgesic, Anti-Pyretic, Antibiotics, Cough & Cold, Pain Management, Muscle Relaxant, etc. The company has two manufacturing plants located at Faridabad and Goa.

Financials (Standalone):

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	202.00	204.92
EBITDA	24.42	25.02
PAT	11.77	14.79
Total Debt	56.24	47.33
Tangible Net Worth	65.78	80.09
Ratios		
EBITDA Margin (%)	12.09	12.21
PAT Margin (%)	5.82	7.20
Overall Gearing Ratio (x)	0.85	0.59
Interest Coverage (x)	2.34	3.01

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: The rating continues to be classified under Issuer not cooperating category with the Brickworks Ratings vide PR dated May 09, 2024, due



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to lack of requisite information for rating.

Any other information: None

Rating History for last three years:

Sl. No	Name of Instrument/Facilities	Current Rating (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
					February 04, 2025	January 31, 2024	June 13, 2023	Oct. 07, 2022
1	Cash Credit	Long Term	51.56	IVR BB+/Stable (Withdrawn)	IVR BB; Negative; ISSUER NOT COOPERATING*	IVR BB+/Positive	IVR BB+/Positive	IVR BB+/Stable
2	GECL	Long Term	6.15	IVR BB+/Stable (Withdrawn)	IVR BB; Negative; ISSUER NOT COOPERATING*	IVR BB+/Positive	IVR BB+/Positive	IVR BB+/Stable
3	Bank Guarantee	Short Term	20.00	IVR A4+ (Withdrawn)	IVR A4; ISSUER NOT COOPERATING*	IVR A4+	IVR A4+	IVR A4+
4	Inland Letter of Credit	Short Term	10.00	IVR A4+ (Withdrawn)	IVR A4; ISSUER NOT COOPERATING*	IVR A4+	IVR A4+	IVR A4+

**Issuer did not cooperate; based on best available information*

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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



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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.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/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	-	-	-	-	51.56	IVR BB+/Stable (Withdrawn)
GECL	-	-	-	FY28	6.15	IVR BB+/Stable (Withdrawn)
Bank Guarantee	-	-	-	-	20.00	IVR A4+ (Withdrawn)
Inland Letter of Credit	-	-	-	-	10.00	IVR A4+ (Withdrawn)

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-nestor-pharmaceuticals-may25.pdf>



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Annexure 3: Detailed explanation of covenants of the rated Security/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 www.infomerics.com.

