



Press Release
NESTOR PHARMACEUTICALS LIMITED
July 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	62.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	30.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	92.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minusa**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.92.00 Crore bank facilities of Nestor Pharmaceuticals Limited(NPL). The Outlook is '**Stable**'.

Rationale for rating

The reaffirmation of rating takes into account the established track record of operations and experienced management with more than four decades of experience in the line of same business. Further, the rating takes into consideration the stable scale of operations, marked by an operating income of Rs.221.72 Cr. in FY2025 (Prov.) against Rs.204.92 Cr. in FY2024, majorly contributed by diversified product portfolio and bulk sales to state government authorities as well as direct sales to pharmacies through its distribution channels. Further, the EBITDA margin and PAT margin of the company stood at 11.87 per cent and 5.37 per cent respectively in FY2025 (Prov.). Additionally, the financial risk profile of the company remained moderate marked by gearing which stood at 0.47 times as on March 31, 2025 (Prov.) and coverage indicators reflected by interest coverage ratio and debt service coverage ratio which stood at 3.36 times and 1.84 times respectively as on 31st March 2025 (Prov.). The liquidity position of the company is also adequate marked by sufficient net cash accruals against its debt repayment obligations. However, the above mentioned strengths are partly off-set by intensive working capital nature of operations marked by GCA days of 267 days as on 31st March 2025 (Prov.) against 247 days as on 31st March 2024. Further, vulnerability to change in government/regulatory policies and volatility in raw material prices will remain a key sensitive factor.

About the Company

Delhi based, Nestor Pharmaceuticals Limited was incorporated in 1975. It is engaged in manufacturing of medicines, Mr. Rahul Sehgal, Mr. Bhanu Prakash Tiwari, Mr. Adarsh Pal Singh, Mr. Bharat Ram and Mr. Bhisham Singh are directors of the entity. The company has expertise in manufacture and marketing of a wide array of ethical allopathic branded and generic formulations. The existing product portfolio consists 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 to name a few. The company has two manufacturing plants located at Faridabad and Goa.

Unsupported Rating

Not applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Nestor Pharmaceuticals Limited to arrive at the rating.

Strengths

Established track record of operations and Experienced Management

NPL was incorporated in 1975. The day to day operations are managed by Mr. Rahul Sehgal who have been associated with the pharmaceutical industry for more than four decades. Majority of NPL's revenue is generated from various state governments including Kerala, Uttar Pradesh, Andhra Pradesh, West Bengal etc. Additionally, the company also makes direct sales to pharmacies through its distribution channels and exports orders. Having operated in industry since decades now, the management has established a strong network with suppliers and customers. Acuité believes that the established track record of the company along with extensive experience of the directors will help the company maintain stable relations with its customers and suppliers.

Stable Business Risk Profile

The company has offerings in anti-Inflammatory, antibiotic, multi-Vitamins segment, etc. with around 238 registered trademarks. The wide product lines across different segments and geographical presence provide company the opportunity to place bids in varied tenders thereby supporting to diversify the revenue profile of the company. The operations of the company remain stable as reflected by operating revenue which stood at Rs.221.72 Crore in FY2025 (Prov.) against Rs.204.92 Crore in FY2024. The increase in revenue is majorly contributed by bulk sales to state government authorities and direct sales to pharmacies. The company also exports to few countries which further supports the revenue of the company. The EBITDA margin of the company decreased marginally and stood at 11.87% in FY2025 (Prov.) against 12.21% in FY2024 on account of incremental operating expenses. Likewise, the PAT margins of the company stood at 5.37% in FY2025 (Prov.) against 7.22% in FY2024. Moreover, the company has order in hand of Rs.49.27 Crore as on April, 2025. Acuite expects the revenue of the company to increase along with better margins in near to medium term on the back of its order book supported by increase in the ongoing demand in domestic and international markets for pharma products.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net-worth of Rs.105.79 Crore as on 31st March 2025 (Prov.) against Rs.95.87 Crore as on 31st March 2024. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.49.96 Crore as on 31st March 2025 (Prov.) against Rs.50.25 Crore as on 31st March 2024. The capital structure of the company is marked by gearing ratio which stood at 0.47 times as on 31st March 2025 (Prov.) against 0.52 times as on 31st March 2024. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio of the company stood at 3.36 times and 1.84 times respectively as on 31st March 2025 (Prov.) against 3.06 times and 2.27 times respectively as on 31st March 2024. The TOL/TNW ratio of the company stood at 1.00 times as on 31st March 2025 (Prov.) against 0.90 times as on 31st March 2024 and DEBT-EBITDA of the company stood at 1.87 times as on 31st March 2025 (Prov.) against 1.98 times as on 31st March 2024. Acuite expects that going forward the financial risk profile of the company is expected to remain moderate with no major debt funded capex plans.

Weaknesses

Intensive working capital operations

The working capital operations of the company are intensive marked by GCA days which stood at 267 days as on 31st March, 2025 (Prov.) as against 247 days as on 31st March, 2024. The inventory days of the company stood at 41 days as on 31st March, 2025 (Prov.) against 44 days as on 31st March, 2024 wherein it is rationalizing its inventory strategy by focusing on selected products as compared to previous years. Further, the company supplies its products mainly to the state government authorities resulting into high debtor days which stood at 219 days as on 31st March, 2025 (Prov.) against 201 days as on 31st March, 2024. However, the company has now also entered into supplying products to the pharmacies and exports where debtor realisations are better than the government agencies. The creditor days stood at 107 days as on 31st March, 2025 (Prov.) against 73 days as on 31st March, 2024. The average fund based and non-fund based bank limit utilization of the company stood at 82.19% and 94.02% respectively in last six months ending May, 2025. Acuite believes that the working capital operations of the company will remain intensive in medium to near term due to nature of operations.

Intense competition and exposure to volatility in input prices

The company is exposed to intense competition from large and small players in the pharmaceutical industry. However, NPL has more than four decades experience and has been able to establish itself in the Indian pharmaceutical industry. Further, rise in key input prices, higher logistics cost and selling expenditure towards selling products direct to pharmacy will remain a key rating sensitivity. Further, inventory stocking might expose the company to sharp variations in input prices.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Working Capital Operations

Liquidity Position Adequate

The liquidity profile of the company is marked by net cash accruals of Rs.14.25 Crore in FY2025 (Prov.) against the debt repayment obligation of Rs.4.13 Crore in the same period. Further, the company is expected to generate net cash accruals in the range of Rs.18 Crore to Rs.21 Crore against the debt repayment obligation under the range of Rs.4.19 Crore in near to medium term. The average fund based and non-fund based bank limit utilization of the company stood at 82.19% and 94.02% respectively in last six months ending May, 2025. The current ratio of the company stood at 1.70 times as on 31st March 2025 (Prov.) and cash and bank balance stood at Rs.0.08 Crore as on 31st March, 2025 (Prov.). Acuite expects that liquidity profile of the company would be adequate marked by sufficient accruals to repayment, moderate fund based bank limit utilisation, absence of debt funded capex plan albeit intensive working capital requirements over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	221.72	204.92
PAT	Rs. Cr.	11.92	14.79
PAT Margin	(%)	5.37	7.22
Total Debt/Tangible Net Worth	Times	0.47	0.52
PBDIT/Interest	Times	3.36	3.06

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Apr 2024	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	26.56	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	5.42	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.72	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.30	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	26.56	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.29	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	08 Jan 2021	Not avl. / Not appl.	31 Mar 2026	2.79	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	29 Dec 2021	Not avl. / Not appl.	31 Dec 2027	1.95	Simple	ACUITE BBB- Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	08 Dec 2021	Not avl. / Not appl.	30 Nov 2027	1.41	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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