

March 30, 2026

## NGL Fine-Chem Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	110.00	100.75	[ICRA]BBB+ (Stable); reaffirmed
Long-term – Fund-based – Cash credit	45.00	60.00	[ICRA]BBB+ (Stable); reaffirmed; assigned for enhanced amount
Short-term – Non-fund-based – Letter of credit	10.00	10.00	[ICRA]A2; reaffirmed
<b>Total</b>	<b>165.00</b>	<b>170.75</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings reaffirmation of NGL factors in its established operational track record and extensive experience of its promoters in the animal health active pharmaceutical ingredients (API) segment, diversified geographical presence in domestic and international markets and a well-established client base over the years. The company reported revenue growth of 8.7% year over year (YoY) in FY2025 which witnessed a healthy improvement to 29% (YoY) in 9M FY2026, supported by healthy demand in key markets, new product launches and widening geographic presence. NGL continues to maintain a strong market share for its top three APIs (Diminazene, Clorsulon and Buparvaquone), supported by a competitive cost proposition as it is partly backward integrated for basic chemicals. Going forward, growth is expected to be driven by the launch of new products in the pipeline and penetration into new geographies. Besides, benign input prices and increasing economies of scale led to an improvement in the operating profit margin (OPM) to 14.3% in 9M FY2026 from 9.4% in FY2025. However, the ongoing conflict in West Asia has caused an increase in the prices of some key inputs for the company in the current month. Material elongation of this conflict could weigh down on its profitability and thus remains a key monitorable. NGL is also in the process of setting up a greenfield facility in Tarapur (Maharashtra) for enhancing capacities and widening the product base, enabling the company to further develop its presence in regulated markets, including the US. Despite some moderation over the near term due to this debt-funded capital expenditure (capex), the debt protection metrics are expected to remain comfortable. This facility is anticipated to get commissioned during FY2027 and contribute materially to NGL's revenue growth and earnings from FY2028 onwards.

The ratings, however, remain constrained by NGL's moderate scale of operations and high working capital intensity of the business, arising from increased receivables and elevated inventory holding cycle. Also, the company's profitability continues to be susceptible to inherent competition in the industry and subsequent pricing pressure. Given the nature of the short-term contracts, its operating profitability remains exposed to the movements in raw materials prices that cannot be passed on to the customers. Additionally, the entity is exposed to foreign exchange (forex) movement, however, this risk is largely mitigated by the hedging policy implemented by the company.

The Stable outlook on the long-term rating reflects ICRA's expectation that NGL's financial profile will remain adequate, supported by steady internal accrual generation, comfortable capital structure and adequate liquidity position.

## Key rating drivers and their description

### Credit strengths

**Established operational track record and extensive experience of the promoters in the veterinary API industry** – Incorporated in 1981, NGL primarily manufactures veterinary pharmaceutical APIs and intermediates, catering to the antiprotozoal and anthelmintic therapeutic segments. Over the years, the company has developed established relationships with its customers in India and abroad. Further, it continues to benefit from the extensive experience of its Directors, Mr. Rajesh Lawande and Mr. Rahul Nachane, in the animal health API industry.

**Diversified geographic reach and customer base** – With decades of experience in pharmaceutical API manufacturing, NGL has developed a strong client base of more than 400 customers globally. It derives ~25% of its sales from the domestic market and the remaining from export sales to the semi-regulated markets in Europe, Asia Pacific, West Asia and Latin America. The company's established relationships with its clients led to several repeat orders. Additionally, it is in the process of expanding its capabilities to serve international geographies, specifically regulated markets in the US and Europe.

**Comfortable leverage levels and coverage indicators** – NGL's capital structure is comfortable, supported by steady internal accrual generation and limited debt levels, as reflected by its gearing ratio of 0.3 times and total outside liabilities/ tangible net worth (TOL/TNW) of 0.6 times as on March 31, 2025. Given its higher operating profitability in H1 FY2026, its coverage metrics have remained comfortable even with additional debt, with total debt/OPBDITA and debt service coverage ratio (DSCR) of 1.6 times and 7.2 times, respectively. Additionally, the company is undertaking sizeable capex towards its greenfield expansion at Tarapur (Maharashtra), which could result in some moderation in coverage and leverage indicators over the near term, owing to part funding of this capex through debt and the gestation period of the project, however, the same are expected to continue to be comfortable.

### Credit challenges

**Moderate scale of operations** – NGL is a mid-sized API and intermediate manufacturer, with revenues of Rs. 368.3 crore in FY2025 and Rs. 351.9 crore in 9M FY2026. Despite a steady revenue growth over recent years, the company's scale of operations remains moderate relative to the industry's size. Moreover, the inherent competition in the unregulated and semi-regulated markets of the industry limits its pricing flexibility. Nonetheless, growth in the coming years is expected to be supported by penetration into new geographies and expansion of the product line.

**Vulnerability of profitability to volatility in raw material prices and forex rates** – NGL's major raw materials include intermediaries and solvents used in API manufacturing. Given the nature of short-term contracts, the company's operating profitability remains exposed to adverse movements in raw material prices. Further, it has a significant exposure in the global market, with more than 75% of its revenues coming from exports and ~25% of its raw materials sourced through imports. Nonetheless, the forex risk is partly mitigated by the natural hedge and by booking forward contracts of varying durations.

**High working capital intensity of operations** – NGL's operations have remained working capital-intensive on account of high inventory and receivable levels. The company historically has a sizeable work-in-process (WIP) inventory, given the variation in production cycle for basic chemicals that ranges up to eight weeks. Consequently, the working capital intensity, reflected in NWC/OI, remained high at 30% in FY2025 and is likely to largely continue at similar levels, going forward.

**Significant near-term debt-funded capex; desired level of scale-up remains to be seen** – NGL is undertaking sizeable capex for its greenfield expansion at Tarapur (Maharashtra), wherein the total project outlay is estimated at Rs. 200-210 crore (of which 70-75% has been completed till February 2026), which would be funded through a mix of debt and internal accruals. Given that this facility is anticipated to get commissioned in FY2027 and contribute materially to the company's revenue growth and earnings from FY2028 onwards, the coverage and return indicators are expected to witness some moderation over the near term. Timely ramp-up of operations post commissioning will remain a key monitorable.

## Environmental and social risks

**Environmental considerations:** NGL does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations with regard to breach of waste and pollution norms, which can result in an increase in operating costs and new capacity installation costs. This can also require capital investments to upgrade its effluent treatment infrastructure to reduce its carbon footprint and waste generation. To address the associated environment risks, NGL has taken initiatives to reduce waste generation and energy conservation.

**Social Considerations:** The industry faces social risks related to product safety and its associated litigation risks, access to qualified personnel for research and development (R&D) and process engineering and maintenance of high manufacturing compliance standards.

## Liquidity position: Adequate

NGL's liquidity position continues to be adequate, supported by healthy cash flow generation, as well as cash and investments of Rs. 50.2 crore as on February 28, 2026. Further, the company has sufficient buffer in its working capital lines, with an average working capital utilisation of 73% during the last 12 months ended January 2026. ICRA notes that it has been undertaking debt-funded capex over the past few years, for which a total of Rs. 80-85 crore capex is expected over FY2026-FY2027. This is anticipated to increase its debt repayment liabilities (Rs. 9-14 crore each over FY2026-FY2028) over the near-to-medium term, however, steady cash flow generation is likely to comfortably service the same.

## Rating sensitivities

**Positive factors** – ICRA could upgrade NGL's ratings if the company demonstrates a healthy scale-up in revenues and witnesses considerable improvement in margins, with diversification in its product portfolio while maintaining its strong market position in the existing animal healthcare APIs.

**Negative factors** – NGL's ratings may be downgraded if there is any significant pressure on its revenues and profitability or any stretch in its liquidity position owing to elongation of the working capital cycle or cost overrun in the ongoing capex programme. Specific credit metrics that could lead to ratings downgrade include Total Debt/OPBITDA exceeding 2.5 times, on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Pharmaceuticals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of NGL Fine-Chem Limited.

## About the company

Incorporated in 1981 by Mr. Narayan Lawande, NGL is a veterinary API manufacturer and its products are used in the animal healthcare industry. It is listed on the Bombay Stock Exchange and National Stock Exchange. All four of the company's manufacturing facilities are in Tarapur (Maharashtra) and are good manufacturing practice (GMP) certified by the Maharashtra State Food and Drug Administration. NGL has a strong and growing international presence in Latin America, Asia and Europe.

NGL acquired a 100% stake in Macrotech Polychem Private Limited (MPPL) in May 2019. MPPL manufactures pharmaceutical intermediates and serves as the backward integrated unit for the company.

**Key financial indicators (audited)**

<b>NGL (consolidated)</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Operating income (OI)</b>	338.7	368.3
<b>PAT</b>	41.3	21.1
<b>OPBDIT/OI</b>	15.9%	9.4%
<b>PAT/OI</b>	12.2%	5.7%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.4	0.5
<b>Total debt/OPBDIT (times)</b>	0.6	2.2
<b>Interest coverage (times)</b>	29.7	10.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Mar 30, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	100.75	[ICRA]BBB+ (Stable)	Apr 01, 2024	[ICRA]BBB+ (Stable)	-	-	Feb 27, 2023	[ICRA]BBB+ (Stable)
				Mar 13, 2025	[ICRA]BBB+ (Stable)	-	-	Mar 31, 2023	[ICRA]BBB+ (Stable)
Working capital facility	Long term	60.00	[ICRA]BBB+ (Stable)	Apr 01, 2024	[ICRA]BBB+ (Stable)	-	-	Feb 27, 2023	[ICRA]BBB+ (Stable)
				Mar 13, 2025	[ICRA]BBB+ (Stable)	-	-	Mar 31, 2023	[ICRA]BBB+ (Stable)
Letter of credit	Short term	10.00	[ICRA]A2	Apr 01, 2024	[ICRA]A2	-	-	Feb 27, 2023	[ICRA]A2
				Mar 13, 2025	[ICRA]A2	-	-	Mar 31, 2023	[ICRA]A2
Derivative limits	Short term	-	-	-	-	-	-	Feb 27, 2023	[ICRA]A2

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund-based – Letter of credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

### Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based – Term loans	FY2018	8.8-9%	FY2026	100.75	[ICRA]BBB+ (Stable)
NA	Long-term – Fund-based – Cash credit	NA	NA	NA	60.00	[ICRA]BBB+ (Stable)
NA	Short-term – Non-fund-based – Letter of credit	NA	NA	NA	10.00	[ICRA]A2

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis

Company name	NGL ownership	Consolidation approach
Macrotech Polychem Private Limited	100.00%	Full consolidation

Source: Annual report FY2025

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