

April 30, 2026

## Nosch Labs Private 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/Cash Credit	8.00	8.00	[ICRA]A (Stable); reaffirmed
Short Term – Non-Fund based	77.00	92.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount
<b>Total</b>	<b>85.00</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings consider Nosch Labs Private Limited's (Nosch) resilient credit profile, supported by its established track record of over two decades in manufacturing active pharmaceutical ingredients (APIs) and semi-finished formulations/pellets across multiple therapeutic categories such as anti-bacterial, anti-ulcer, anti-depressant, anti-psychotic, among others, resulting in a strong and diversified customer base. The ratings also draw comfort from its diversified product portfolio and its ability to sustain healthy profitability as witnessed in the past. The company benefits from its long-standing relationship with the Chemo Group, which remains a key customer and shareholder, providing access to a strong global distribution network and supporting Nosch's realisations. The Chemo Group increased its shareholding in Nosch to 49% in FY2026 from 40% previously. It acts as a marketing partner for Nosch in the Russian and South American markets, where the Group has an established presence. Its manufacturing facilities continue to hold approvals from major regulatory authorities, including EU GMP, Russia GMP, KFDA, COFEPRI and ANVISA.

An established distribution network and product profile have resulted in steady revenue growth for the company, at a CAGR of around 5% in the five-year period ending FY2025. However, the company's revenue is estimated to have moderated by 5-6% in FY2026 owing to product recalls of its top molecule, which accounted for 30-32% of its revenue in FY2025, in the US market. While Nosch does not export this product to the US, side effects highlighted by the USFDA prompted the company to limit its exposure to the molecule until the challenges with respect to the product are addressed. However, revenue from the said product improved in Q4 FY2026 post reformulation, which reportedly addressed the side effects. Nevertheless, the scale-up of other API and pellet molecules partially mitigated the impact of lower revenue from its top product in FY2026. Continued traction in the other molecules that scaled up in FY2026 and recovery in revenue from its top molecule are expected to result in double-digit revenue growth in FY2027. Moreover, the company is expanding its production capacity by around 30%, which is expected to be operational by December 2027, at an estimated capex of Rs. 60 crore, which would be funded through internal accruals. Increased capacity, along with healthy demand, is likely to support growth over the medium term.

The ratings continue to factor in the company's strong financial profile, characterised by healthy operating margins of around 30-40% in the past five years, which have led to healthy cash flows and negligible debt levels. However, a sharp increase in prices of raw materials, which are crude derivatives, since March 2026 owing to the West Asia conflict remains a challenge. The company's ability to pass on increased costs to its customers in a timely manner is monitorable. Nevertheless, operating leverage from increased scale, a healthy product profile, and an established distribution network and customer base are likely to support its operating margin in the near-to-medium term. Its leverage and coverage metrics are likely to remain strong on the back of healthy earnings and the absence of any debt-funded capex plans.

The ratings, however, remain constrained by the high working capital intensity of the business, driven by elevated inventory levels. The company maintains high inventory, typically of over six months of consumption, to ensure faster order turnaround

for fast-moving products and to cater to export markets. While receivables temporarily declined in FY2025 due to advance payments from Chemo, debtor levels reverted to historical trends. Most working capital requirements continue to be funded through internal accruals, with minimal dependence on bank borrowings.

Further, despite healthy earnings, large dividend payouts have limited free cash flows and net worth accretion, although liquidity remains adequate given the debt-free status. Moreover, given that Nosch exports to regulated and semi-regulated markets such as Europe, Russia, Mexico, South Korea and Brazil, it is exposed to regulatory risks. Any adverse observations with respect to its key products or adverse developments during regulatory audits leading to suspensions or delays in renewals could impact its revenues and margins. The ratings also consider continued dependence on the Chemo Group, although the end-customer base remains diversified.

The Stable outlook on Nosch's long-term rating reflects ICRA's opinion that the company's revenue and earnings growth will be supported by steady demand for its products, and that it will continue to maintain negligible debt, leading to healthy debt metrics.

## Key rating drivers and their description

### Credit strengths

**Established track record in API manufacturing and strong distribution network across different countries support high operating margins** - Nosch has been involved in manufacturing APIs and semi-finished formulations/pellets across various therapeutic categories for the past two decades. Further, its strong distribution network catering to different export markets, along with its partnership with the Chemo Group, has supported the company's revenues over the years. The Chemo Group acts as a marketing partner for the company in the Russian and South American markets, where the Group has an established presence. It holds a 49% stake (increased from 40% in FY2025) in Nosch through Alkmaar Export BV. The Chemo Group acts as a marketing partner, while day-to-day operations are overseen by Nosch's management. The company's healthy operating margins of 30-40% over the last five years are primarily supported by high product realisations arising from a robust distribution network and the value-added nature of pelletised products.

**Strong financial risk profile with nil debt and comfortable coverage and capital structure metrics** - The company had negligible debt as on December 31, 2025. It has no long-term borrowings. It avails working capital limits of Rs. 8.0 crore; however, the same remained unutilised in the past twelve months. The company's entire funding requirement is supported by strong accruals over the years, resulting in robust coverage indicators. The capital structure and debt coverage indicators are expected to remain strong in the absence of major debt-funded capex plans in the near-to-medium term and continued strong margins.

### Credit challenges

**High working capital intensity, driven by inventory levels** - The company's working capital intensity remains high at 40-45% on account of high inventory days, comprising work-in-progress as well as finished goods. Working capital intensity improved to less than 35% in FY2025 on account of early payments from the Chemo Group; however, debtor days and the working capital cycle have subsequently normalised to historical levels. ICRA notes that high inventory holding levels (inventory days of 239 in FY2025) aid in the quick delivery of products, enabling Nosch to command better pricing. Additionally, its working capital requirements are primarily funded through internal accruals, with negligible dependence on debt.

**Sizeable dependence on Chemo Group; exposure to regulatory risk** - Nosch derives most (~90%) of its revenues from exports, with markets such as South America and Turkey accounting for a significant share of its sales. Nosch has an exclusive agreement with the Chemo Group for distribution in South America, and 45-50% of its sales are routed through the Group. ICRA has limited information on the operational and financial profile of the Chemo Group. However, ICRA notes that the end-customer base is diversified, as the Chemo Group acts as a distributor in these markets. Moreover, given that Nosch exports to regulated and semi-regulated markets such as Europe, Russia, Mexico, South Korea and Brazil, it remains exposed to regulatory risks.

The company’s revenue is estimated to have moderated by 5-6% in FY2026 owing to product recalls of its molecule in the US market. While Nosch does not have any direct exports to the US, side effects highlighted by the USFDA prompted the company to limit its exposure to the molecule until the associated challenges are addressed. Additionally, regulatory approvals for the manufacturing facilities are reviewed periodically by the respective agencies. Any adverse observations with respect to its key products or adverse developments during regulatory audits leading to suspensions or delays in renewals could impact its revenues and margins.

**Sizeable dividend payout and share buyback over the years limiting growth in net worth** - The company’s dividend payouts to shareholders and repatriation of funds through share buybacks remains large (in relation to profits), at an average of around Rs. 120 crore over the last four years (75-78% of the average net profit over four years). Despite generating healthy cash accruals over the years, high dividend payouts have historically limited growth in net worth and free cash flows.

### Liquidity position: Adequate

The company’s liquidity position is adequate, supported by expected cash and liquid investments of around Rs. 30-35 crore as on March 31, 2026, and a buffer in working capital limits of around Rs. 8 crore, given negligible utilisation of the limits in the last 12 months. The company’s retained cash flows are estimated at Rs. 15-20 crore in FY2027 despite the anticipated dividend payout. It is also likely to incur capex of around Rs. 20 crore in FY2027 towards the expansion of its Telangana facility and maintenance. The same is likely to be funded through internal cash flows. The company does not have any repayment obligations.

### Rating sensitivities

**Positive factors** – ICRA could upgrade NLPL’s ratings if there is a healthy improvement in the company's scale of operations along with diversification of its client and product profiles while maintaining healthy margins.

**Negative factors** – Pressure on NLPL’s ratings could arise with material deterioration in its credit metrics owing to a sustained reduction in earnings or sizeable debt-funded capex. Any material deterioration in the company’s liquidity position owing to a stretched working capital cycle or high dividend payouts would also impact the ratings. The ratings could also be downgraded if there are adverse regulatory developments impacting its financial performance.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Pharmaceutical</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Nosch Labs Private Limited, incorporated in 2001, is engaged in the manufacturing of APIs and semi-formulations. The company operates four manufacturing facilities in Telangana. These facilities hold approvals and certifications from multiple international regulatory authorities, including the USFDA, EU-GMP, Russia-GMP, KFDA, ANVISA and COFEPRIS, with certifications varying across plants and product categories. It manufactures APIs and intermediates across various segments such as anti-bacterial, anti-ulcer, anti-depressant and anti-psychotic, among others. Chemo Espania SL, which is part of the renowned Insud Pharma (a Spanish multinational company involved in the manufacturing and marketing of APIs and formulations), has invested in Nosch through its 100% subsidiary, Alkmaar Export BV. Alkmaar Export BV increased its holding in Nosch to a 49% stake as on March 31, 2026 from 40% in FY2025. It has been a strategic partner since 2006, primarily for the South American market.

### Key financial indicators (audited)

Nosch Labs Private Limited	FY2024	FY2025
Operating income	607.3	636.5
PAT	159.3	194.9
OPBDIT/OI	37.1%	42.2%
PAT/OI	26.2%	30.6%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	212.7	396.6

Source: Company, ICRA Research; 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 (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			Apr 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based/Cash Credit	Long Term	8.00	[ICRA]A (Stable)	-	-	Jan 24, 2025	[ICRA]A (Stable)	Nov 30, 2023	[ICRA]A- (Stable)
Non-Fund based	Short Term	92.00	[ICRA]A2+	-	-	Jan 24, 2025	[ICRA]A2+	Nov 30, 2023	[ICRA]A2+

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI

15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund based/Cash credit	Simple
Short Term – Non-Fund based	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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term - Fund based – Cash Credit	NA	NA	NA	8.00	[ICRA]A (Stable)
NA	Short Term – Non-Fund based	NA	NA	NA	92.00	[ICRA]A2+

Source: Company

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

**Annexure III: List of entities considered for consolidated analysis - Not Applicable**

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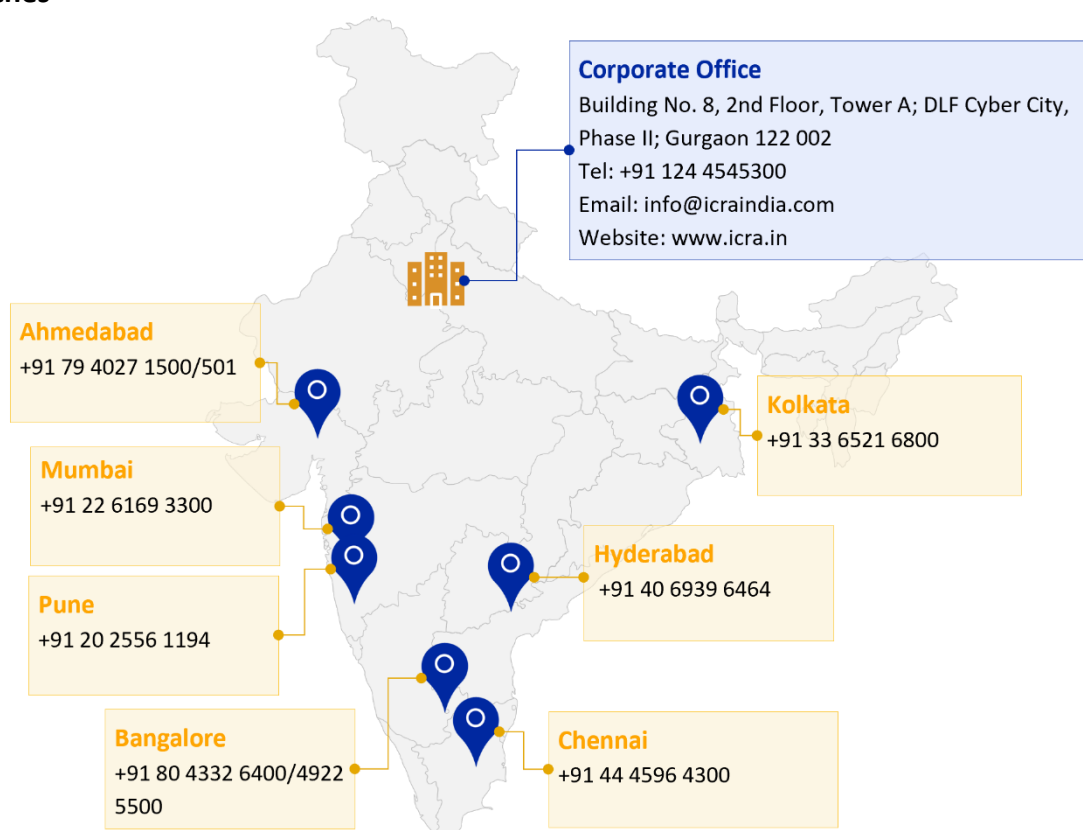
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