



Press Release

Nobel Hygiene Private Limited (NHPL)

April 11, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	61.48	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	Rating Assigned	Simple
Long Term Bank Facilities - Proposed	26.10	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	12.42	IVR A4+ (IVR A Four Plus)	-	Rating Assigned	Simple
Total	100.00 (Rupees One Hundred Crore Only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of NHPL as it derives comfort from the improvement in operating performance, comfortable capital structure and periodic capital infusion by promoters and investors, and established market position. However, these rating strengths are partially offset by a subdued EBITDA margin, elongated working capital cycle, weak debt protection metrics, and profitability susceptible to volatility in input raw material prices.

Further, the outlook is maintained at stable as Infomerics believes that the NHPL will continue to derive benefits from experienced promoters and established track record in the industry.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in EBITDA margins along with improvement in working capital cycle while overall improvement in debt protection metrics and planned equity infusion during FY26.



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Downward Factors

- Sustained decline in revenue and inability to improve EBITDA margins and/or any unplanned debt led capex and/or further deterioration in working capital and/or any delay in planned equity infusion leading to deterioration in capital structure and further weakening of debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Sustained improvement in revenue**

Nobel Group's revenue has improved to Rs.728.54 crore during FY24 (period refers to 01st April 2023 to 31st March 2024) (FY23: Rs.699.59 crore) registering a growth of 6% driven by improved realization and volume. During 9MFY25, Nobel Group has reported revenue of Rs.569.20 crore. Infomerics expects Nobel Group's revenue to improve further from FY25 onwards with expected improvement in capacity utilization at its newly operational Gujarat Unit along with diversification by selling its products through E-Commerce platform.

- **Established a market position:**

Nobel Group has established a market position with ~60% market share in Adult Diaper Segment and ~5% market share in baby diaper segment. The Group is a key player in the kids' diaper segment with its brands, Teddy and Snuggly. It also produces women's hygiene products under the brand Rio.

- **Comfortable capital structure and periodic capital infusion by promoters:**

The capital structure of NHPL remained comfortable, with an overall gearing ratio (including quasi-equity) of 0.56x and an adjusted TOL/TNW ratio of 1.06x as on March 31, 2024 (31st March 2023.: 0.50x and 0.98x, respectively). This was supported by a robust adjusted tangible net worth of Rs. 378.88 crore in FY24 (FY23: Rs.423.45 crore). The company's net worth has been strengthened by periodic equity infusion. Promoters have raised Rs. 50 crore during FY22 and raised Rs. 132 crore compulsory convertible preference shares (CCPS) from private equity player. During FY25, the group further



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raised Rs. 40 crore existing private equity investor. As per management, the group is expected to raise additional Rs.75 crore during FY26. Furthermore,

Key Rating Weaknesses

- **Subdued profitability, though expected to improve with stable raw material prices and expected to improvement in capacity utilization and subsidy receipts:**

Nobel Group has reported losses during FY22 and FY23 due to higher raw material prices and lower capacity utilization. However, EBITDA turned positive during FY24 with lower raw material prices and improvement in capacity utilization. EBITDA further improved during 9MFY25, and the group has reported EBITDA of Rs.52.9 crore driven by further lower raw material prices, receipt of subsidy. The group is entitled to receive PLI subsidy from Government of India of Rs.33 crore and electricity subsidy of Rs.10 crore from Government of Gujarat. Infomerics notes ability to improve its core operations would be a key monitorable.

- **Weak Debt Protection Metrics**

The debt coverage metrics remained weak, as reflected by an interest coverage ratio of 0.67x and a total debt/EBITDA of 11.57x at the end of FY24. The DSCR remained below unity during FY24 and expected to remain below unity during FY25 which would be financed through new debt and equity infusion.

- **Elongated working capital**

Nobel Group's gross working capital cycle remains elongated reflected by high gross current asset days 111 at the end of FY24 (FY23: 146 days). Inventory days remain high as group needs to stock its raw material inventory to support its operations.

- **Profitability susceptible to volatility in prices of input raw material**

The key raw materials for manufacturing adult diapers include fluff pulp, super absorbent polymers (SAP), backsheets, and adhesives. The prices of these materials are not fixed and depend on prevailing market rates. Fluctuations in raw material prices, particularly wood pulp and SAP, along with socio-political risks, may impact the operating margin, as



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these materials are sourced from international markets. Consequently, NHPL is exposed to raw material price volatility.

Analytical Approach: Consolidated

For arriving at the ratings, Infomerics has taken consolidated financials of Nobel Hygiene Private Limited and Nobel Hygiene Baroda Private Limited, wholly owned subsidiary of NHPL and commonly referred as Nobel group as these companies have a common management, involved in same line of business and having strong operational & financial linkages between themselves.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Rating criteria for consolidation of companies](#)

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

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

Liquidity – Stretched

The Group's liquidity is stretched, marked by lower accruals of Rs. 43.82 crore in FY25 against a repayment obligation of Rs. 56.39 crore. The group has managed its debt repayments through refinancing of existing debt and equity infusion. The DSCR is projected to be above unity from FY26 onwards on the back of expected improvement in operating performance.

About the Company

Nobel Hygiene Private Limited is engaged in manufacturing & trading of hygiene care products and sanitary napkins for adults and babies. The product portfolio of the Company includes adult diapers (pant/tape style), adult under-pads, adult insert pads, maternity pads, baby diapers (pant/tape style), baby nappy pads, diaper changing mat, baby wet wipes and sanitary napkins.



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About the Group

Nobel Hygiene Private Limited ('the Company') and its wholly owned subsidiary / subsidiary, Nobel Hygiene Baroda Private Limited (collectively referred to as 'the Group') is engaged in the business of manufacturing and trading of diapers, underpads and other related products.

Financials (Consolidated):

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	688.59	728.54
EBITDA	-1.42	18.47
PAT	-65.81	-39.01
Total Debt	212.03	213.74
Adjusted Tangible Net Worth	423.45	378.88
EBITDA Margin (%)	-0.21	2.54
PAT Margin (%)	-9.54	-5.33
Adjusted Overall Gearing Ratio (x)	0.50	0.56
Interest Coverage (x)	-0.03	0.67

* Classification as per Infomerics Standard

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/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.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	13.48	IVR BB+/ Stable	-	-	-
2.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	48.00	IVR BB+/ Stable	-	-	-



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Sr. No.	Name of Instrument/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
3.	Long Term Fund Based Bank Facilities - Proposed	Long Term	26.10	IVR BB+/ Stable	-	-	-
4.	Short Term Non Fund Based Bank Facilities – Bank Guarantee	Short Term	3.42	IVR A4+	-	-	-
5.	Short Term Non Fund Based Bank Facilities – Letter of credit/ Buyer's credit	Short Term	9.00	IVR A4+	-	-	-

Analytical contacts

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About Infomerics:

Infomerics Valuation and Rating Ltd (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.

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.



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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: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Aug-27	10.00	IVR BB+/ Stable
Term Loan	-	-	-	Dec-25	3.48	IVR BB+/ Stable
Cash credit	-	-	-	-	48.00	IVR BB+/ Stable
Bank Guarantee	-	-	-	-	3.42	IVR A4+
Letter of credit/ Buyer's Credit	-	-	-	-	9.00	IVR A4+
Long Term Fund Based Bank Facilities - Proposed	-	-	-	-	26.10	IVR BB+/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Nobel-Hygiene-11apr25.pdf>



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Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of the company/Entity	Extent of consolidation (%)
Nobel Hygiene Private Limited	100
Nobel Hygiene Baroda Private Limited	100

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.

