



## Press Release

### Uniclan Healthcare Private Limited

**October 4, 2024**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities	40.40	IVR BB+/RWPI (IVR Double B Plus under Rating Watch with Positive Implications)	-	Assigned and placed under RWPI	Simple
Short Term Bank Facilities	1.00	IVR A4+/RWPI (IVR A Four Plus under Rating Watch with Positive Implications)	-	Assigned and placed under RWPI	Simple
<b>Total</b>	<b>41.40</b>	<b>Rupees Forty-One Crore and Forty Lakhs Only</b>			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### **Detailed Rationale**

Informetrics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BB+ under rating watch with positive implications (RWPI) and short-term rating of IVR A4+ under rating watch with positive implications (RWPI) for the bank loan facilities of Uniclan Healthcare Private Limited (UHPL).

The rating draw comfort from experienced management, comfortable capital structure and debt protection metrics. However, these strengths are partially offset by working capital intensive nature of operations, susceptibility of profitability to volatility in raw material prices and intense competition.

The rating has been placed under Rating Watch with Positive Implications (RWPI) on account of expected synergies due to proposed acquisition of 51.77% stake in UHPL by DOMS Industries Limited.

IVR has principally relied on the standalone audited financial results of UHPL upto 31 March 2023, FY2024 (refers to period April 1st, 2023, to March 31, 2024) unaudited certified provisional results and projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 180 crore and EBITDA margins
- Improvement in debt protection metrics
- Sustenance of the overall gearing below 1.00x

#### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced management:**

Overall activities of UHPL are managed by 6 directors with Vatsal Mahendrakumar Desai being Managing Director. He has experience of a decade in existing line of business. He is ably supported by other directors namely, Amit Mehta, Basant Kumar Jain and Jai Kumar Jain who have effective experience in business as well as supported by qualified and well experienced management team.

- **Comfortable debt protection metrics and capital structure:**

The capital structure of the company stood comfortable with the adjusted overall gearing remained stable at 1.64x as on March 31, 2024 (Provisional) as against 1.81x as on March 31, 2023. The adjusted tangible networth stood at Rs. 20.87 crore in FY2024 (Provisional). In terms of the debt protection metrics, the interest service coverage ratio (ISCR) improved to 2.28x in FY2024 (Provisional) as compared to 2.09x in FY2023 due to better profitability, and the debt service coverage ratio (DSCR) stood comfortable at 1.09x in FY2024 (Provisional).

#### Key Rating Weaknesses

- **Working capital intensive nature of operations:**

UHPL's operations are working capital intensive in nature, supported largely by bank borrowings. The average utilization of fund based working capital limits of the company stood moderate around ~94.56% during the last 12 months ending 31st July 2024.



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- **Susceptibility of profitability to volatility in raw material prices:**

The company's profitability remains exposed to volatility raw material prices as the key raw materials are fluff, release paper, positioning glue etc. are volatile in nature and the company is exposed to the raw material price fluctuation risk due to high inventory holding period.

- **Intense competition:**

The company is into manufacturing personal hygiene care products mainly Diapers, which is highly fragmented nature of business as there are large number of unorganized and small players. Resultantly, leading to intense competition and pricing pressure, which in turn result in thin margins.

**Analytical Approach:** For arriving at the ratings, IVR has analysed UHPL's credit profile by considering the standalone financial statements of the company.

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for Assigning Rating Outlook](#)

[Policy of Default recognition](#)

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

**Liquidity – Adequate**

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 15.31 crore, as on 31st March 2024. Against a current portion of long-term debt (CPLTD) of Rs 3.60 crore in FY2024, the company had a cash accrual of Rs. 4.17 crore in FY2024. The company projected to generate cash accruals of Rs. 7.21 crore in FY2025 against a CPLTD of Rs. 3.02 crore. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

**About the Company**

Uniclan Healthcare Private Limited (UHPL) was incorporated in 2016. The company is engaged in manufacturing and sale of Baby Diapers Infant Diapers and Toddler Diapers. The Baby Diapers are sold under the brand of Wowper. The company has one manufacturing units is in Jaipur, Rajasthan with total installed capacity of 300 million pieces per annum.



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### Financials (Standalone):

(Rs. crore)

For the year ended as on	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	155.36	144.26
EBITDA	6.70	6.96
PAT	0.32	0.53
Total Debt	36.68	34.13
Tangible Networth	15.50	16.08
EBITDA Margin (%)	4.31	4.83
PAT Margin (%)	0.20	0.37
Overall Gearing Ratio (x)	1.81	1.64
Interest Service Coverage Ratio (x)	2.09	2.28

**Status of non-cooperation with previous CRA:** It is under ISSUER NOT COOPERATING category with CRISIL rating via press release dated 19<sup>th</sup> July 2024 and Brickwork rating via press release dated 23<sup>rd</sup> January 2024 due to non-availability of information.

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	40.40	IVR BB+/RWPI	-	-	-
2.	Non-Fund Based	Short Term	1.00	IVR A4+/RWPI	-	-	-

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	19.00	IVR BB+/RWPI
Term Loan-1	-	-	March 2026	2.84	IVR BB+/RWPI
Term Loan-2	-	-	December 2026	1.42	IVR BB+/RWPI
Term Loan-3	-	-	May 2028	10.38	IVR BB+/RWPI



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Term Loan-4	-	-	September 2028	6.76	IVR BB+/RWPI
Bank Guarantee	-	-	-	1.00	IVR A4+/RWPI

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Uniclan-Healthcare-4oct24.pdf>

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

**Annexure 4: List of companies considered for consolidated/combined analysis:** Nil

**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](http://www.infomerics.com).