Oriental Edumed Private Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	27.18 (Enhanced from 20.88)	CARE B+; Stable	Upgraded from CARE B; Stable
Long Term / Short Term Bank Facilities	37.82 (Reduced from 40.12)	CARE B+; Stable / CARE A4	LT rating upgraded from CARE B; Stable and ST rating reaffirmed
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.
Ratings assigned to the letter of credit facility sanctioned by Punjab National Bank has been withdrawn based on 'No-dues Certificate' furnished by the company.

Rationale and key rating drivers

Revision in ratings assigned to the bank facilities of Oriental Edumed Private Limited (OEPL) takes into account its growing scale of operations along with improvement in its profitability, capital structure, and debt coverage indicators.
Ratings continue to remain constrained on account of its stretched liquidity with instances of over drawings reported by one if its lender, concentrated clientele, risk related to volatility in raw material prices, and presence in a competitive and fragmented industry.
Ratings, however, derive strength from its experienced promoters and factor in the positive industry outlook for sanitary napkins.
CARE Ratings Ltd. (CARE Ratings) has withdrawn the ratings assigned to the letter of credit facility of OEPL sanctioned by Punjab National Bank as the company has repaid the said facility in full and there is no amount outstanding under the same as on date. The rating action has been taken at the request of the company and receipt of 'No Dues Certificate' from Punjab National Bank for the facilities rated by CARE Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in TOI above Rs.300 crore with maintenance of PBILDT margin above 8.50%.
- Improvement in liquidity of the company as marked by sufficient cushion in working capital limits.

Negative factors

- Decline in PBILDT margin below 6% and TOI falling below Rs.200 crore.
- Any material deterioration in capital structure or debt coverage indicators from current levels.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's expectations that the rated entity shall continue to benefit from the experience of its promoters that shall enable it to maintain the envisaged operating performance over the near to medium term.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure and debt coverage indicators

Capital structure of OEPL improved significantly but stood moderate as marked by overall gearing of 1.81x as on December 31, 2024 (2.75x as on March 31, 2024, and 3.75x as on March 31, 2023). Improvement was mainly on account of receipt of share application money from promoters of around Rs.13 crore, accretion of profits, and change in treatment of USLs of around Rs.3 crore as quasi equity since FY23. As a result, company's net worth base has improved to Rs.47.15 crore as on December 31, 2024. Equity infusion was primarily done to support the working capital requirement of the company.
Consequent to improvement in profitability of the company, debt coverage indicators also improved but stood moderate as marked by PBILDT interest coverage ratio of 3.42x during 9MFY25 (FY24: 2.91x; FY23: 2.22x) and Total Debt to GCA of 6.62 years (FY24: 7.63 years; FY23: 16.50 years).

Concentrated clientele

OEPL derives its sales from distributors and government tenders in the ratio of 60:40 respectively. Owing to this structure, customer concentration for the company remains high. During FY24, ~96% of Total Operating Income (TOI) was derived from the top 3 customers of the company (FY23: 85%).

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Risk related to volatility in raw material prices
The primary raw material required for manufacturing sanitary napkins is fluff pulp, a type of chemical pulp made from long fibre softwoods. USA and Canada are the key markets which produce the same, and OEPL procures it in the form of indirect import (i.e., it buys from traders who import the raw material from Canada and USA). As a result, there exists inherent volatility in the price of raw material for the company. Further, the government tenders serviced by the company follow a fixed-price structure, leaving company's profitability vulnerable to any adverse movements in the price of raw material.

Presence in a competitive and fragmented industry
Sanitary products industry in India is extremely competitive with dominance of large multi-national companies having majority of the market share. Further, these companies have competitive advantage and introduce premium products at regular intervals to grab the market share. The industry also faces competition from imports & local repackaging of sanitary products by various players.
The high degree of fragmentation due to presence of various large & small sized players leads to stiff competition amongst the manufacturers. Smaller companies in general are more vulnerable to intense competition and have limited pricing flexibility, which constrains their profitability as well.

Key strengths
Growing scale of operations with improvement in profitability
OEPL's scale, as marked by its TOI, grew at a CAGR of nearly 61% to Rs.244.71 crore during the past five years ended FY24. During 9MFY25, company registered a TOI of around Rs.210 crore, with a full-year expectation of around Rs.280 crore. Company has an installed capacity of manufacturing ~90 crore pieces per year which currently stays utilized at around 80%.
Profitability of the company also improved as marked by PBILDT margin of 8.59% during 9MFY25 (FY24: 8.38%; FY23: 4.12%) and PAT margin of 4.32% (FY24: 3.74%; FY23: 1.39%).
The sharp increase in profitability over FY23 is primarily on account of the company benefitting from moderation in raw material price since FY23, as all the government orders are fixed price in nature with raw material price volatility being borne by the company. Further, company derives higher realizations for certain premium variants of sanitary napkins, such as trifold and ultra-thin sanitary napkins.

Experienced promoters in the sanitary napkins industry
OEPL is promoted by Mr. Sanjay Kumar Sharma, Mr. Tanay Vashistha, and Mr. Vinay Vashistha, who have more than a decade of experience in the sanitary napkins industry.

Favourable industry outlook for sanitary napkins
Over the years, sanitary napkins have gained prominence in India as the Government and NGOs have been taking various initiatives and workshops towards educating females about the importance of personal hygiene. In addition to this, elevating incomes and the availability of sanitary napkins at an affordable price is another factor boosting the market growth. Moreover, the manufacturers are also focusing on unique marketing strategies to increase their consumer-base. As a result, the industry outlook for sanitary napkins highlights good growth prospects.

Liquidity: Stretched
Liquidity of OEPL stood stretched as marked by near-full average utilization of working capital limits for past 12 months ended February 2024 with instances of over drawings (maximum for 2 continuous days) reported by one of its lenders.
Operating cycle of the company stood elongated at 104 days during FY24 (FY23: 73 days), with decrease in creditor days along with increase in collection period and inventory days.
GCA, however, is adequate against repayment obligations and free cash and bank balance for the company stood at around Rs.2.75 crore as of December 31, 2024.

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Personal Products	Personal Care

Incorporated in March 2011, Oriental Edumed Private Limited (OEPL) is primarily engaged in the manufacturing of sanitary napkins. Its manufacturing plant is located at Alwar, Rajasthan with an annual manufacturing capacity of ~90 crore pieces per year in 230 MM, 240 MM and 280 MM sizes. It also has two established feminine care brands 'BeMe' and 'DateCare'. OEPL is promoted by Mr. Sanjay Kumar Sharma, Mr. Tanay Vashistha, and Mr. Vinay Vashistha.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	183.63	244.71	210.27
PBILDT	7.57	20.50	18.06
PAT	2.55	9.16	9.09
Overall gearing (times)	3.75	2.75	1.81
Interest coverage (times)	2.22	2.91	3.42

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE B+; Stable
Fund-based - LT-Term Loan		-	-	March 2027	2.18	CARE B+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	37.82	CARE B+; Stable / CARE A4
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	2.18	CARE B+; Stable	1)CARE B; Stable (02-Apr-24)	-	-	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE B+; Stable	1)CARE B; Stable (02-Apr-24)	-	-	-
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4 (02-Apr-24)	-	-	-
4	Fund-based - LT/ ST-Cash Credit	LT/ST	37.82	CARE B+; Stable / CARE A4	1)CARE B; Stable / CARE A4 (02-Apr-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Cash Credit	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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