Uni Medicolabs

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	41.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Uni Medicolabs (UM) to monitor the rating vide e-mail communications dated April 29, 2025, July 09, 2025, July 17, 2025, August 04, 2025, August 18, 2025, August 26, 2025, September 17, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on UM's bank facilities will now be denoted as '**CARE BB; Stable; ISSUER NOT COOPERATING.**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of UM has been revised due to non-availability of requisite information. Further, the rating assigned to the bank facilities of Uni Medicolabs (UM) factors in fluctuating profitability margins inherent in contract manufacturing undertaken for some of the reputed pharmaceutical companies, reputed although concentrated client base, constitution of the entity being a partnership firm and exposure to raw material price volatility and foreign currency fluctuations risk. The ratings are further constrained by and highly competitive and fragmented nature of the industry with inherent regulatory risk. However, the rating continues to draw comfort from experienced management coupled with long track record of operations, fluctuating, albeit growing scale of operations, moderate capital structure and debt coverage indicators with moderate working capital cycle.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on August 06, 2024 the following were the rating strengths and weaknesses.

Key weaknesses

Fluctuating profitability margins

The profit margins are vulnerable to any negative changes in the cost of raw materials. The PBILDT margin declined and stood at 8.62% in FY24 as compared to 11.14% in FY23, due to the rise in the cost of the firm's raw material. The firm operates in two segments of contract manufacturing: Loan Licensing, where the model principal provides the raw material to the manufacturer and the transfer pricing model, where the firm needs to procure raw material and is therefore exposed to raw material fluctuation risk. Further the firm's PAT margin remained in line with the previous year and stood at 2.48% in FY24 as against 2.57% in FY23.

Reputed though concentrated client base

Since 2006, the firm has been involved in the contract manufacturing of pharmaceutical formulations, establishing strong ties with its customers and suppliers. It produces formulations for a number of prominent domestic pharmaceutical companies, including Torrent Pharmaceuticals Limited, Cipla Limited, and Glenmark Pharmaceuticals Limited. The firm also exports its own branded products to unregulated markets including Philippines, Sri Lanka, Vietnam and African countries which accounted for approximately 30% of its total income in FY24.

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

In FY24 (April 01, 2023 to March 31, 2024), the firm's top ten clients contributed about 65% of the Total Operating Income (TOI). Torrent Pharmaceuticals Limited, the firm's largest client, contributed 23% to the total income in FY24. Despite the revenue concentration, the risk associated with client concentration is offset by the firm's long-standing relationships and recurring orders from its clients.

Constitution of the entity being a partnership firm

UM's constitution being a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partner. Further, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders. However there has been constant infusion by partners from time to time for the past few years reflecting moderate net worth. In FY24 the partners infused capital worth Rs. 5.20 crore compared to Rs. 5.87 crore during FY23.

Exposure to raw material price volatility and foreign currency fluctuations risk

The raw materials, majorly APIs, are being sourced from domestic suppliers in Dehradun, Delhi, Haryana, Hyderabad, etc. Some portion is imported from foreign countries (mainly China) which contributes around 9-11% of total raw material consumption. The raw material constituted around ~70% of total sales during FY24 (PY: ~68%). Although most of the sales of the firm are order backed wherein it can pass on the increase in costs to the customers to some extent, the profitability margins are exposed to any adverse fluctuation in raw material prices for rest of the sales owing to the intense competition in the pharmaceutical industry. The firm has been increasing its focus on exports. Export income formed ~30% of the total income in FY24 (valuing Rs. 39.37 Cr.). In absence of any hedging mechanism, Uni Medicolabs therefore remains susceptible to a forex risk. The firm booked an income of Rs. 0.29 Cr in FY24 (PY: Income of Rs. 0.24 crore) from forex fluctuations.

Highly competitive and fragmented nature of the industry with inherent regulatory risk

The firm is engaged in the manufacturing of contract based pharmaceutical formulations. The industry is characterized by a high level of competition with presence of a large number of small and big players. Pharmaceutical industry is a closely monitored and regulated industry and as such there are inherent risks and liabilities associated with the products and their manufacturing. Regular compliance with product and manufacturing quality standards of regulatory authorities is critical for selling products across various geographies.

Key strengths

Experienced management coupled with long track record of operations

The firm is currently managed by Mr. Harshad Vaid, Mr. Samir Vaid and Mr. Siddharth Vaid. All the partners collectively look after the overall operations of the firm. Furthermore, the partners of the firm are resourceful and have extended continuous financial support to the firm in the past by infusing additional funds of around Rs.10 crores for last 2 years (FY23 and FY24) in the form of unsecured loans to fund various business requirements.

Fluctuating, albeit growing scale of operations

The firm's operational scale has experienced modest yet inconsistent fluctuations over the past four years. The pandemic initially sparked an increase in the demand for antibiotic drugs in both domestic and international markets as a treatment for Covid-19. However, post-pandemic recovery in FY23 saw a plateau in drug demand due to the high base effect from the previous year. This was followed by healthy demand in FY24, resulting in considerable growth of 35% over FY23. The total operating income rose to Rs.125.61 crores in FY24, up from Rs.92.63 crores in FY23. This revenue boost can be attributed to the sale of higher quantities to existing customers, coupled with the industry's growing demand prospects. Further, the company has achieved total sales of Rs. 21.93 crores during Q1FY25.

Moderate capital structure and debt coverage indicators

Firm's capital structure remained moderate from 2021 to 2024, supported by profit retention, no withdrawals, and fresh capital infusion for growth. A steady improvement is reflected in the gearing ratio, which improved from 0.61x as on March 31, 2023 to 0.48x as on March 31, 2024 due to low debt and a strong net worth. Additionally, improved profitability as well as improved leverage position led to improvement in debt coverage parameters as marked by interest coverage of 2.61x and total debt-to-GCA ratio at 5.94 years in FY24. (2.32x and 7.59 years respectively in 2023).

Moderate working capital cycle

The operating cycle of the firm stood moderate at 63 days for FY24 (PY: 84 days) mainly on account of improvement in the collection period. The inventory holding period of the firm stood moderate at 51 days in FY24. This is in line with the nature of the firm's business, which necessitates maintaining 1-2 months inventory of raw material (API). This API has a specific shelf life and requires lab testing, both of which are crucial for order fulfilment. Owing to highly competitive industry, the firm has to offer liberal credit period of around 2-3 months to its customers resulting in an average collection period of 73 days for FY24. Also, the firm receives payable period of around 1-2 months from its suppliers.

Applicable Criteria:
Criteria on Information Adequacy Risk and Issuer Non-Cooperation
Policy on Default Recognition
Financial Ratios – Non-financial Sector
Manufacturing Companies
Pharmaceuticals
Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in 2006, Uni Medicolabs (UM) has been in operations for more than 15 years in pharmaceutical industry in association with the firm and is currently being managed by Mr. Harshad Vaid, Mr. Samir Vaid and Mr. Siddharth Vaid. The firm is engaged into contract manufacturing of pharmaceutical products like antibiotics, capsules, tablets, injectables, etc for reputed companies catering to domestic market. The firm has one Beta-Lactum and 2 general manufacturing units located in Pharma city, Dehradun. The firm also has sister concern 'Uni Agencies Chemicals Private Limited' managed by Mr. Harshad Vaid which is engaged in trading of Active Pharmaceutical Ingredient (API) constitutes around 10% of the UM's purchases for FY24.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (Prov)
Total operating income	92.63	125.61	21.93
PBILDT	10.31	10.83	NA
PAT	2.38	3.12	NA
Overall gearing (times)	0.61	0.48	NA
Interest coverage (times)	2.32	2.61	NA

A: Audited; Prov: Provisional; NA: Not Available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Infomerics has continued the ratings assigned to the bank facilities of Uni Medicolabs to the "Issuer Not-Cooperating" category vide its press release dated March 25, 2025 on account of its inability to carryout review in the absence of requisite information from the firm.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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		-	-	-	29.26	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	January 2027	11.74	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	11.74	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (06-Aug-24)	-	-
2	Fund-based - LT-Cash Credit	LT	29.26	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (06-Aug-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long 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

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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:
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