

Patanjali Chikitsalaya: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	6.00	SMERA B-/Stable (Assigned)

SMERA has assigned long term rating of **'SMERA B-' (read as SMERA B minus)** to the above mentioned bank facility of Patanjali Chikitsalaya (PC). The outlook is **'Stable'**. The ratings are constrained by the limited track record of operations and below average financial risk profile. The ratings also note the low profitability and proprietorship constitution of the firm. However, the ratings draw support from the reputed principal.

PC is a Madhya Pradesh-based proprietorship firm established in 2010 by Mrs. Suman Lath, Proprietrix. The firm is an authorized distributor of Patanjali Ayurveda Limited for FMCG & Ayurveda Products in the region of Chennai.

The financial risk profile has been below average, marked by low networth of Rs.0.52 crore and high gearing (debt-equity) of 7.32 times (Provisional) as on March 31, 2016.

The ratings are also constrained by the low profitability with PAT margin at 1.15 per cent (Provisional) for FY2016 as against 1.20 per cent for FY 2015 mainly on account of the trading nature of the business. The proprietorship constitution of the firm is yet another factor that renders it vulnerable to withdrawal of capital and same has been observed in the past.

However, the firm draws support from the reputed principal 'Patanjali Ayurveda Limited' which is the flagship company of the Patanjali group and is involved in the manufacturing and trading of FMCG, herbal and ayurvedic products.

Rating Sensitivity Factors

- Improvement in scale of operations, profit margins
- Improvement in the financial risk profile

Outlook-Stable

SMERA believes that PC will maintain a stable outlook and benefit from its experienced management in the medium term. The outlook may be revised to 'Positive' if the firm registers improvement in scale of operations while achieving healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Criteria applied to arrive at the rating:

- Trading Entities

About the Firm

PC, established in 2010, is a Chennai-based proprietorship firm promoted by Mrs. Suman Lath. The firm is engaged as a distributor of FMCG & Ayurvedic Products.

For FY2015–16 (Provisional), the firm reported profit after tax (PAT) of Rs.0.36 crore on operating income of Rs.31.08 crore, as compared with net profit of Rs.0.15 crore on operating income of Rs.12.23 crore in FY2014–15. The net worth stood at Rs.0.52 crore as on March 31, 2016 (Provisional).

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ABOUT SMERA

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