

January 02, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA B/ Stable (upgraded from SMERA B-/Stable)
Cash Credit (proposed)	6.00	SMERA B/ Stable (Assigned)

SMERA has upgraded the long-term rating on the Rs.6.00 crore bank facility of Janak Medicos (Janak) to '**SMERA B**' (read as **SMERA single B**) from '**SMERA B-**' (read as **SMERA single B minus**). Further, SMERA has assigned a long-term rating of '**SMERA B**' to the Rs.6.00 crore proposed bank facility of Janak. The outlook is '**Stable**'. The upgrade reflects improvement in the firm's debt protection metrics and working capital management. The upgrade also reflects healthy growth in revenues reported by the firm. The rating continues to draw comfort from the firm's experienced management and established relations with customers. However, the rating remains constrained by the firm's exposure to intense competition.

Update

Janak's debt-to-capital ratio reduced to 3.22 times as on March 31, 2014 from 13.56 times as on March 31, 2013 on account of addition of capital (of Rs.1.38 crore) and retention of profits in the business. The firm's working capital cycle has improved from 76 days in FY2012-13 (refers to financial year, April 01 to March 31) to 61 days in FY2013-14. Janak's net sales increased from Rs.31.27 crore in FY2012-13 to Rs.41.88 crore in FY2013-14. The firm's operating profit margin declined from 3.16 per cent in FY2012-13 to 2.72 per cent in FY2013-14 on account of increase in discount given to customers.

Janak continues to benefit from its experienced management. Mr. Ravi Pal Udar, managing partner of Janak, has around ten years of experience in the firm's line of business. Janak also benefits from its established associations with several reputed customers including Mata Charan Devi Hospital, Maharaja Agrasen Hospital and Balaji Hospital. The firm has long-standing relations with leading pharmaceutical companies such as Cipla Ltd., Sun Pharma, Glenmark, Himalaya and Novartis.

Mr. Sanjeev Wasan and Mr. Mahesh Chand Sharma ceased to be partners in Janak on March 18, 2014. Mrs. Rachna Udar (wife of Mr. Ravi Pal Udar) joined the firm as a partner on March 18, 2014.

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Outlook: Stable

SMERA believes Janak will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers significant improvement in profit margins, coverage indicators and working capital management. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial profile.

About the firm

Janak, established in 2003, is a Delhi-based partnership firm owned by Mr. Ravi Pal Udar and Mrs. Rachna Udar. Janak is an authorized distributor of medicines manufactured by leading pharmaceutical companies such as Sun Pharmaceutical Ltd., Cipla Ltd., Novartis, Johnson & Johnson, Glenmark, Cadila Healthcare, Cadila Pharmaceuticals, Indoco Remedies, Abbott, Aventis, Pfizer, The Himalaya Drug Company, Alembic Ltd., FDC, Franco Indian, EISAI, Meyer, Wockhardt Ltd., Unichem and JB Chemicals.

For FY2013-14, Janak reported profit after tax (PAT) of Rs.0.10 crore on operating income of Rs.41.88 crore, as compared with PAT of Rs.0.18 crore on operating income of Rs.31.27 crore in FY2012-13. The firm registered revenue of Rs.40.00 crore (provisional) during April 01, 2014 to December 17, 2014. Janak's net worth stood at Rs.1.92 crore as on March 31, 2014, as compared with Rs.0.48 crore a year earlier.

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