

## Rating Rationale

### Brickwork Ratings assigns ratings for the Bank Loan Facilities aggregating ₹ 5.50 Cr of Luxmi Medicos

Brickwork Ratings has assigned following **Rating<sup>1</sup>** for the Bank Loan Facilities of Luxmi Medicos. (or the “**Firm**”):-

| Facilities        | Rated Limits<br>(in Crs.) | Tenure                                      | Rating  |
|-------------------|---------------------------|---|---|
| <b>Fund Based</b> |                           |   |   |
| Cash Credit       | 5.50                      | Long Term                                   | <b>BWR B<br/>(Pronounced As :BWR B )<br/>(Outlook : Stable)</b> |
| <b>Total</b>      | <b>5.50</b>               | <b>INR Five Crores and Fifty Lakhs Only</b> |   |

BWR has essentially relied upon audited financial results of Luxmi Medicos upto FY16, Projected financial for FY17 and FY18, publicly available information and information provided by the management.

The rating has, inter alia, factored in the experienced management, adequate liquidity position and anticipated increase in revenues. Also the rating has factored in the fact that the management is planning to capitalize on increasing demand in healthcare products and hence thereby increasing their scale of operations. The rating is, however, constrained by Low profitability margins, Low tangible networth, weak debt protection metrics and highly competitive nature of the industry.

#### Background:

The Firm, Luxmi Medicos., a Partnership Firm, was constituted in 1974 as a Sole Proprietorship concern by Mr. Ramesh Kumar Jindal, with an objective of wholesale business of Pharmaceutical Drugs, Hospital Supplies and other Healthcare products. The firm has been converted into a Partnership concern in the year 2014 Mr. Ramesh Kumar Jindal and Mr. Kamal Jindal being the equal partners in the firm. The firm has it's outlet at Hospital Bazar, Bathinda.

#### Financial Performance:

As per the audited financials for FY16, Luxmi Medicos’s operating income stood at Rs. 27.01 Cr. against Rs. 15.77 Cr. in FY15. Profit after tax for the firm stood at Rs. 0.01 Cr. In FY16 against a negligible profit in FY15. Operating profit margin and net profit margin stood at 2.72% and 0.05% respectively in FY16. ISCR and DSCR stood at 1.03 times and 0.88 times respectively in FY16. Tangible networth for the firm stood at 1.52 Cr and the current ratio stood at 1.46 times in FY16 indicating adequate liquidity position.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

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### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of operations, meeting projections, improving profitability margins and ensure timely servicing of debt would be the key rating sensitivities.

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