

Shree Baidyanath Ayurved Bhawan Private Limited

March 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	32.00	CARE A-; Stable	Reaffirmed
Short-term bank facilities	2.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Shree Baidyanath Ayurved Bhawan Private Limited (SBABPL) continues to derive strength from established brand name and brand recall in ayurvedic medicine industry, experienced promoters, long track record of operations of over five decades in the ayurvedic medicine industry and wide distribution network. Ratings also continue to take comfort from healthy financial risk profile, characterised by comfortable overall gearing levels, and healthy debt coverage indicators. Ratings also take comfort from continuation of healthy liquidity from investments in mutual funds and improved fungibility of available cash balance across branches.

However, ratings' strengths continue to remain constrained by low profitability margins and intense competition in the ayurvedic medicine market.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in total operating income above ₹800 crore and improvement in the company's profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8%.

Negative factors

- Decline in PBILDT margin below 3.5% and total operating income (TOI) below ₹450 crore.
- Increase in operating cycle to over 90 days.
- Higher-than- envisaged debt funded capex/acquisition adversely impacting capital structure with overall gearing of over 0.40x.
- Significant depletion of available liquidity buffer in the form of free cash and liquid investments.
- Lack of cash flow fungibility going forward considering available cash balance across branches.

Analytical approach: Standalone

Outlook: Stable

Stable outlook on SBABPL's reflects CARE Ratings Limited's (CARE Ratings) expectation that the company will continue to benefit from good brand presence in the ayurvedic medicine market, vast experience of its promoters and long and established track record of operations

Detailed description of key rating drivers:

Key strengths

Experienced promoters and long track record of operations

Shree Baidyanath Ayurved Bhawan was founded in 1917 by late Pt Ram Dayal. SBABPL is currently managed by the Sharma family under the leadership of Ram Kishan Sharma and RK Sharma, who holds vast experience of over four decades in the ayurvedic medicine industry. All five branches (regional divisions) are controlled and managed by different directors independently and all hold vast experience in the ayurvedic medicine industry.

Established brand name and wide distribution network

The company has developed and maintained an established brand name and image in the ayurvedic medicine industry and is popular for its authentic ayurvedic products. The company has developed a network of over 1,500 distributors across India. While SBABPL has a distribution network based in every state of the country, it also supplies manufactured products in neighbouring

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

countries including Nepal, Bangladesh, and Sri Lanka. All the company's branches operate in specific non-overlapping geographic regions and operate independently, while broad strategic decisions are approved by the board.

Healthy financial risk profile

The company continues to have healthy financial risk profile characterised by comfortable overall gearing, which stood at 0.17x (PY:0.16x) as on March 31, 2024. Total debt (TD) at the end of FY24 (refers to April 01 to March 31) stood at ₹47.57 crore compared to ₹39.87 crore at the end of FY23. The company does not have major term-debt obligations going forward. Debt coverage indicators stood comfortable with interest coverage ratio at 8.14x in FY24. TD/PBILDT and TD/GCA stood comfortable at 1.54x & 1.72x in FY24 against 1.24x and 1.61x in FY23 respectively in FY23.

Satisfactory operational performance in FY24

The company reported satisfactory operational performance in FY24 (refers to April 01 to March 31). There was only a marginal improvement of ~1.7% in TOI in FY24 over FY23 largely due to consolidation of market demand in last 2-3 years. Moreover after a couple of years of healthy growth post COVID-19, it remained at satisfactory levels and is expected to sustain with annual growth of ~5% projected going forward in near term. Margins sustained at similar level, with slight moderation due to increase in input costs. PBILDT was reported at 4.46% in FY24, against 4.75% in FY23.

Key weaknesses

Low profitability margins

The company's profitability margins continued to remain low due to intense competition. Margins moderated slightly due to increase in input costs, with PBILDT reported at 4.46% in FY24, against 4.75% in FY23. The margins continued to remain thin due to high advertising and sales promotion expenses. However, profit after tax (PAT) showed improvement in FY24, coming in at 4.45% against 2.62% in FY23, which was majorly considering ~₹13 crore of profit accounted on fair valuation of investments as on March 31, 2024.

Intense competition

SBABPL faces competition from organised and unorganised players in the ayurvedic medicine market, mainly due to low entry barriers. SBABPL's product portfolio does not include cosmetic products, which is offered by their competitors to capture the market, enabling them to incentivise the dealer network through higher product sales. In the medium term, SBABPL's plans to diversify its product offering across customer/product segments and its resultant success will remain critical for its growth prospects and credit profile.

Liquidity: Adequate

The company has adequate liquidity, characterised by free cash and liquid investments of ₹93.5 crore as on March 31, 2024, of which, investment in mutual funds stood at ₹70.2 crore. Average working capital utilisation of 12-months ending December 2024 stood at ~54% at the Nagpur location and ~9% at Naini. There is also working capital (WC) facility available at Patna/Kolkata, which also has low utilisation. Going forward, the company has repayment obligations of ₹4.27 crore against sufficient expected GCA of ~₹27.79 crore in FY25. The company's operating cycle was 78 days in FY24 with an inventory period of 118 days in FY24. The company has to maintain high inventory levels to maintain sufficient inventory of herbs, which is the major raw material. The current ratio as on March 31, 2024, stood at 2.10x.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Pharmaceuticals](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals and biotechnology	Pharmaceuticals

SBABPL was founded over a century ago by Ram Dayal Joshi and Ram Narayan Sharma in Baidyanath Dham Village, Bihar. It is currently managed by the Sharma family and its head office is in Kolkata. SBABPL is engaged in manufacturing and distributing ayurvedic products under the brand name "Baidyanath". The company is divided across five divisions, based on geographical area of their presence to effectively manage and control manufacturing and marketing functions.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	678.15	689.74
PBILDT	32.23	30.80
PAT	17.77	30.66
Overall gearing (times)	0.16	0.17
Interest coverage (times)	5.21	8.14

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

Status of non-cooperation with previous CRA:

Reaffirmed at CRISIL B+; Stable (Issuer not cooperating) dated December 17, 2024, based on best available information.

Reason: Failure to receive any information on either the financial performance or strategic intent of the company.

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		-	-	-	32.00	CARE A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	2.00	CARE A2+

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-Cash Credit	LT	32.00	CARE A-; Stable	1)CARE A-; Stable (01-Apr-24)	1)CARE A-; Stable (06-Apr-23)	1)CARE BBB+; Stable (27-May-22)	-
2	Non-fund-based - ST-BG/LC	ST	2.00	CARE A2+	1)CARE A2+ (01-Apr-24)	1)CARE A2+ (06-Apr-23)	1)CARE A2 (27-May-22)	-

LT: Long term; ST: 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	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view 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:

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