

January 21, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	6.90	SMERA B/Stable (Assigned)
Cash Credit (proposed)	2.10	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA single B**) to the Rs.9.00 crore bank facilities (including proposed facility of Rs.2.10 crore) of S. B. Distributors (SBD). The outlook is '**Stable**'. The rating is constrained by the firm's small-scale operations in an intensely competitive segment of the pharmaceutical industry. The rating is also constrained by the firm's weak financial risk profile. However, the rating is supported by the firm's experienced management. The rating also draws comfort from the firm's established associations with leading pharmaceutical companies.

SBD, established in 2000, is a Ghaziabad-based partnership firm engaged in trading of medicines. SBD has small-scale operations marked by operating income of Rs.27.01 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive segment of the pharmaceutical industry. SBD's weak financial risk profile is reflected in high leverage (debt-to-capital ratio) of 3.83 times as on March 31, 2014 and low interest coverage ratio of 1.26 times in FY2013-14.

SBD benefits from its experienced management. The partners of the firm have around ten years of experience in the pharmaceutical industry. SBD also benefits from its established relations with reputed pharmaceutical companies such as Cipla Limited and Alembic Pharmaceuticals Limited.

Outlook: Stable

SMERA believes SBD 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 sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's profitability and financial risk profile.

About the firm

SBD, established in 2000, is a Ghaziabad-based partnership firm promoted by Mr. Rajat Gupta, Mr. Rahul Gupta and Mrs. Bimal Gupta. SBD undertakes trading of medicines.

For FY2013-14, SBD reported profit after tax (PAT) of Rs.0.08 crore on operating income of Rs.27.01 crore, as compared with PAT of Rs.0.07 crore on operating income of Rs.24.20 crore in FY2012-13. The firm's net worth stood at Rs.1.76 crore as on March 31, 2014, as compared with Rs.1.51 crore a year earlier.

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