

March 18, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	9.00	SMERA B/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B' (read as SMERA B)** on the Rs.9.00 crore bank facility of S. B. Distributors (SBD). The outlook is '**Stable**'. The rating continues to remain constrained by the firm's small-scale of operations and moderate financial risk profile in an intensely competitive pharmaceutical industry. However, the rating continues to draw support from the experienced management and established relations with leading pharmaceutical companies.

Update

SBD's operating income increased to Rs.31.60 crore in FY2014-15 from Rs.27.01 crore in FY2013-14. The operating margins increased to 3.40 percent in FY2014-15 from 2.44 percent in FY2013-14. The firm has a moderate financial risk profile marked by gearing of 1.92 times as on March 31, 2015 compared to 3.83 times in FY2013-14 and moderate debt protection metrics with interest coverage ratio at 1.52 times for FY2014-15.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profit margins
- Improvement in working capital management

Outlook: Stable

SMERA believes SBD will maintain a stable business risk profile over the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' if 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 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. The firm trades in medicines.

For FY2014-15, SBD reported profit after tax (PAT) of Rs.0.34 crore on operating income of Rs.31.60 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.27.01 crore in FY2013-14. The net worth stood at Rs.3.44 crore as on March 31, 2015, as compared with Rs.1.76 crore a year earlier.

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