

## Press Release

**S. B. Distributors (SBD)**

27 March, 2018



### Rating Reaffirmed and Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Crore
<b>Long Term Rating</b>	SMERA B /Outlook: Stable

\*Refer annexure for details

SMERA has reaffirmed the long term rating of '**SMERA B** (read as SMERA B)' on the Rs. 8.40 crore bank facility and assigned long term rating of '**SMERA B** (read as SMERA B)' on the Rs. 0.60 Crore facility of S. B. Distributors. The outlook is '**Stable**'.

S. B. Distributors (SBD), a partnership firm was established in 2000 by Mr. Rajat Gupta, Mr. Rahul Gupta and Mrs. Bimal Gupta. The firm is engaged in the distribution of pharmaceutical products of Cipla Limited and Alembic Limited and caters to stockists in Uttar Pradesh.

#### Key rating drivers

##### **Strengths**

##### **Experienced management and reputed clientele**

Mr. Rajat Gupta and Mr. Rahul Gupta have experience of over two decades in the aforementioned line of business. This has helped the firm establish long term relations with Cipla Ltd and Alembic Ltd.

##### **Weaknesses**

##### **Below average financial risk profile**

The financial risk profile is below average marked by low net worth of Rs.1.26 crore as on 31 March, 2017 as against Rs.2.03 crore in the previous year. The gearing stood high at 7.51 times as on 31 March, 2017 as against 4.57 times as on 31 March, 2016. The Interest Coverage Ratio stood low at 0.99 times in FY2017 as against 1.26 times in FY2016.

##### **Capital withdrawal risk**

SBD is exposed to risk of capital withdrawal considering its partnership constitution. The capital stood at Rs 1.26 crore as on 31 March, 2017 as against Rs 2.03 crore as on 31 March, 2016 and Rs 2.08 crore as on 31 March, 2015.

##### **Analytical approach:**

SMERA has considered the standalone business and financial risk profiles of SBD to arrive at the rating.

### Outlook – Stable

SMERA believes that SBD will maintain a Stable outlook in the medium term owing to its established operations and the extensive experience of the partners in the business. The outlook may be revised to 'Positive' in case of improvement in profitability and net worth. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in profitability and net worth.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	40.16	29.34	31.60
EBITDA	Rs. Cr.	1.42	1.23	1.08
PAT	Rs. Cr.	(0.09)	0.22	0.34
EBITDA Margin	(%)	3.54	4.19	3.40
PAT Margin	(%)	(0.22)	0.74	1.07
ROCE	(%)	12.30	12.02	12.12
Total Debt/Tangible Net Worth	Times	7.51	4.57	3.83
PBDIT/Interest	Times	0.99	1.26	1.52
Total Debt/PBDIT	Times	6.66	6.89	6.67
Gross Current Assets (Days)	Days	140	168	145

### Status of non-cooperation with previous CRA (if applicable):

None

### Any other information:

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years):

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
02-Aug-2017	Cash Credit	Long Term	9.00	SMERA B/ Stable (Indicative)
18-Mar-2016	Cash Credit	Long Term	9.00	SMERA B / Stable (Reaffirmed)

21-Jan-2015	Cash credit	Long Term	6.90	SMERA B / Stable (Assigned)
	Proposed Cash credit	Long Term	2.10	SMERA B / Stable (Assigned)

**\*Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.40	SMERA B / Stable (Reaffirmed)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.60	SMERA B / Stable (Assigned)

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**ABOUT SMERA**

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