

## 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)

**Contacts:**

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a>  Amogh Kharkar, Analyst - Rating Operations Tel: +91-22-6714 1315 <a href="mailto:amogh.kharkar@smera.in">amogh.kharkar@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.