



SMERA RATINGS LIMITED

## Sunrise Distributors (SDS)

## Rating Rationale

**January 21, 2015**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	10.00	SMERA B-/Stable (Reaffirmed)

SMERA has reaffirmed the rating of **'SMERA B-' (read as SMERA single B minus)** on the abovementioned bank facility of Sunrise Distributors (SDS). The outlook is **'Stable'**. The rating remains constrained by the firm's weak financial risk profile and working capital-intensive operations. The rating is also constrained by the firm's small-scale operations and high dependence on external borrowings. However, the rating is supported by the firm's experienced management and established association with Titan Industries Limited and Vodafone.

### Update

SDS registered moderate growth in revenues and net profit during FY2013-14 (refers to financial year, April 01 to March 31) on the back of diversification into distribution of men's garments manufactured by Jockey and fragrances manufactured by Titan Skinn. SDS reported net profit of Rs.0.40 crore on total income of Rs.34.17 crore in FY2013-14, as compared with net profit of Rs.0.31 crore on total income of Rs.28.01 crore in FY2012-13.

In FY2013-14, the firm's management largely focused on the watch trading segment, which entails higher working capital requirements. SDS's leverage is high at 4.76 times as on March 31, 2014. The firm's interest coverage ratio is low at 1.31 times in FY2013-14.

During FY2013-14, SDS started trading of Case-Mate mobile accessories. The firm plans to undertake trading of Jockey ladies' garments. SDS registered revenues of ~Rs.28.00 crore during April 2014 to December 2014.

### About the firm

SDS, established in 2005, is a Mumbai-based proprietorship firm promoted by Mr. Sanjay K. Doshi. SDS is an authorized distributor for Titan Industries Limited (Titan watches), Vodafone, Jockey and Case-Mate. The firm mainly caters to retailers based in suburban Mumbai and Thane district.

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