



SMERA RATINGS LIMITED

## Sunrise Distributors (SDS)

*Rating  
Rationale*

**February 18, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	10.00	<b>SMERA B/Stable</b> <b>(Upgraded from SMERA B-/Stable)</b>

SMERA has upgraded the rating of the abovementioned bank facility of Sunrise Distributors (SDS) to **'SMERA B' (read as SMERA B)** from 'SMERA B-' (read as SMERA B minus). The outlook is **'Stable'**. The rating upgrade reflects significant improvement in the firm's operating margins and diversifying business profile.

The above mentioned ratings continue to draw comfort from the firm's experienced management and established association with Titan Industries Limited, Vodafone, Jockey India and Bombay Dyeing. However, the ratings are constrained by the weak financial risk profile marked by high gearing levels and working capital-intensive operations. The rating is also constrained by the firm's small-scale operations and high dependence on external borrowings.

### Update

SDS has registered significant improvement in operating margins during FY2014-15 (refers to financial year, April 01 to March 31) on the back of diversification into distribution of Titan and Jockey. The firm has also increased its product mix by entering into distributorship of Bombay Dyeing. The firm's operating margin stands at 6.74 per cent in FY 2014-15 as compared to 5.35 per cent in FY 2013-14.

SDS reported net profit of Rs.0.47 crore on total income of Rs.34.69 crore in FY2014-15, as compared with net profit of Rs.0.40 crore on total income of Rs.34.17 crore in FY2013-14.

### Outlook: Stable

SMERA believes that SDS will maintain a stable business risk profile on the back of experience of the promoters in the business and substantial capital infusion. The outlook may be revised to "Positive" if the company increases its top and bottom line with more diversified product profile by maintaining its liquidity position. Conversely, the outlook may be revised to "Negative" in case there is increase in gearing ratio and worsening of liquidity position.

### Rating Sensitivity Factors

- Scale up operations
- Improve gearing levels
- Better working capital management

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### 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, Case-Mate, SKINN (by Titan) Fragrance and Bombay Dyeing. The firm mainly caters to retailers based in suburban Mumbai and Thane district.

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