

July 02, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	9.00	SMERA B-/Stable (Assigned)
Letter of Credit	6.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B-**' (read as SMERA single B minus) and '**SMERA A4**' (read as SMERA A four) to the Rs.15.50 crore bank facilities of Sunrise Sales Limited (SSL). The outlook is '**Stable**'. The ratings are constrained by the company's low profit margins and weak debt protection metrics. The ratings are also constrained by the company's exposure to geographical concentration risk in an intensely competitive segment of the chemicals industry. However, the ratings are supported by the company's experienced management.

SSL, established in 1994, is a Rohtak-based company engaged in trading of various chemicals, including caustic soda, soda ash, soda bi-carbonate, and ammonia bi-carbonate. SSL's net profit margin is low at 0.02 per cent (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The company's weak debt protection metrics are reflected in high leverage of 18.68 times (provisional) as on March 31, 2014 and low interest coverage ratio of 1.02 times (provisional) in FY2013-14. SSL is exposed to geographical concentration risk as the company derives ~95 per cent of its total revenues from customers based in Haryana.

SSL benefits from its experienced management. The directors of the company have around two decades of experience in the chemicals industry.

Outlook: Stable

SMERA believes SSL maintain a moderate business risk profile in the medium term on the back of its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's debt protection metrics.

About the company

SSL, established in 1994, is a Rohtak-based company promoted by Mr. Rakesh Sindhwani, Mr. Rajendra Singh and Mrs. Asha Sindhwani. SSL is engaged in trading of chemicals.

For FY2013-14 (as per provisional financial statements), SSL reported profit after tax (PAT) of Rs.0.01 crore on total operating income of Rs.61.97 crore, as compared with PAT of Rs.0.02 crore on total operating income of Rs.30.13 crore for FY2012-13. The company's net worth stood at Rs.0.62 crore (provisional) as on March 31, 2014, as compared with Rs.0.61 crore a year earlier.

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