

Rating Rationale

Sunrise Integrated Facility Pvt Ltd

12th Oct, 2017

Brickwork Ratings assigns rating for the bank loan facilities of Sunrise Integrated Facility Pvt Ltd.

Particulars

Facility Rated	Amount (Rs Crs)	Tenure	Rating
Fund Based			
CC	4.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook-Stable
Proposed CC	1.00		
Term Loan*	0.43		
Non Fund Based			
Bank Guarantee	0.50	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	6.43	(INR Six Crores & Forty Three Lakhs Only)	

*Term Loan O/s as of 30/8/2017, Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Rationale/Description of Key Rating Drivers/ Rating sensitivities:

The ratings, inter alia, have factored in the long standing experience of the directors and established track record of Sunrise Integrated Facility Pvt. Ltd. (SIFPL or 'the company') in integrated facility management business, in-house capability of providing a wide range of services and reputed client base with established relationships.

The ratings are, however, constrained by high working capital requirements arising out of elongated receivable cycle, high competitive intensity on account of fragmented nature of the facilities management industry with presence of numerous unorganized players which restricts pricing flexibility and pressurizes profit margins, besides high gearing (TOL/TNW ratio) of 2.39x in FY17 and low tangible net worth.

Key Rating Determinants

Credit Strengths

- Experienced directors, with long track record of operations since 2008.

- b) The company offers wide range of integrated facility management services such as housekeeping, business support services, technical support services, pest management and various other customized/tailor-made services.
- c) Reputed client base across the country with established relationships.
- d) Average financial risk profile of the firm marked by comfortable debt protections metrics reflected by interest service coverage ratio (ISCR) of 3.78x and debt service coverage ratio (DSCR) of 2.56x in FY17 (unaudited) owing to healthy profitability margins.

Credit Weaknesses

- a) High working capital requirements arising out of elongated receivable cycle reflected by days' receivable of 85 days in FY17 (unaudited) as against 78 days in FY16.
- b) High gearing (TOL/TNW ratio) of 2.39x in FY17 and low tangible net worth of Rs. 3.58 Cr in FY17 (unaudited).
- c) High competitive intensity on account of fragmented nature of the facilities management industry with presence of numerous unorganized players which restricts pricing flexibility and pressurizes profit margins

Going forward, the ability of the company to keep its receivable position in control and increase its scale of operations significantly by executing new contracts, along with maintaining its profitability margins will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Sunrise Integrated Facility Pvt. Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company increases its scale of operations significantly along with improving its profitability margins. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the firm to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

About the Company

Sunrise Integrated Facility Pvt Ltd (SIFPL) was founded in 2008, as a proprietorship firm and was later incorporated in 2012 as private limited company. The company offers integrated facility management services such as housekeeping, business support services (Pantry, Mail, Runners, etc.), Technical support services, Pest Management and various other customized/tailor-made services. The company is based at Panchkula (Haryana) and provides services across India.

Company Financial Performance

Key Financial Parameters	FY17 (Provisional)	FY16
Revenue from operations	Rs. 27.54 Cr	Rs. 27.36 Cr
EBIDTA	Rs. 2.65 Cr	Rs. 1.84 Cr
Tangible Net worth	Rs. 3.58 Cr	Rs. 1.62 Cr
TOL/TNW	2.39 times	5.47 times
Current Ratio	1.32 times	1.18 times

The scale of operations is stagnant in FY17 as against FY16 however the company was able to reduce its operating expenses which has resulted in improvement in operating profitability by ~300 basis points. The tangible net worth of the firm stood at Rs. 3.58 Crs as on 31-3-2017.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term /Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	CC	Long Term	4.50	BWR BB-/Stable	NA	NA	NA
2	Proposed CC	Long Term	1.00	BWR BB-/Stable			
3	Term Loan	Long Term	0.43	BWR BB-/Stable			
4	Bank Guarantee	Short Term	0.50	BWR A4			
Total			6.43	(INR Six Crores & Forty Three Lakhs Only)			

NA: Not Available

Status of non-cooperation with previous CRA (if applicable): Reason and comments: Not Applicable

Any other information: NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

For any other criteria obtain hyperlinks from website

Analysts	Media
Ashwini Mital Senior General Manager – Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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