

Press Release

Multi Sales Private Limited (MSPL)

09 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.5.50 Cr
Long Term Rating	SMERA B+/Stable (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA B plus**) to the above mentioned bank facility of Multi Sales Private Limited. The outlook is '**Stable**'.

The Mumbai-based MSPL was promoted by Mr. Anil Shah, Mr. Hitesh Shah and Mr. Rishit Shah. The company is engaged in the trading of paper and paper boards.

List of key rating drivers and their detailed description

Strengths:

Long track record of operations and experienced management: MSPL was established in 2007 and is headed by Mr Anil Shah, Director who possesses experience of over three decades in the industry.

Moderate revenue growth: The revenue increased by 22 per cent to Rs.57.95 crore in FY2015 from Rs.47.18 crore in FY2014. In FY2016, the revenue was stagnant at Rs.57.46 crore.

Weaknesses:

Working capital intensive operations: The operations are working capital intensive as reflected in the gross current asset days of 106 in FY2016. Further, the average utilisation of working capital limit has been 90 per cent in the last six months.

Moderate financial risk profile: The moderate financial risk profile is marked by low interest coverage ratio of 1.29 times in FY2016 and gearing of 1.29 times as on 31st March, 2016. The net worth stands at Rs.6.25 crore as on March 31, 2016 and is supported by unsecured loans from promoters of Rs.2.67 crore which is treated as quasi equity. The return of capital employed stands at 13.72 per cent as on 31st March, 2016.

Analytical Approach: SMERA has considered the standalone business and financial risk profile of the company.

Applicable Criteria

- Trading Entities: <https://www.smera.in/criteria-trading.htm>
- Application of financial ratio and adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that MSPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company improves its financial risk profile and scale of operations. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile and lower than expected profit margins.

About the Company

The Mumbai-based MSPL was established in 2007 by Mr. Anil Shah, Mr. Hitesh Shah and Mr. Rishit Shah. The company is engaged in the trading of paper and paper boards and has its head office at Mumbai. The branch office is located at Vapi, Gujarat. Mr. Anil Shah, Director has experience of over three decades in the abovementioned line of business.

For FY2015-16, MSPL reported net profit of Rs.0.26 crore on operating income of Rs.57.46 crore, as compared with profit after tax of Rs.0.73 crore on operating income of Rs.47.18 crore in FY2013-14.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	5.50	SMERA B+ /Stable (Assigned)	-	-	-	-	-	-

*Annexure - Details of instruments rated:

Name of the Facility	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Cash Credit	NA	NA	NA	5.50	SMERA B+/Stable (Assigned)

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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