



SMERA RATINGS LIMITED

## Quick Sale

## Rating Rationale

**November 20, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA B/Stable (Reaffirmed)
Letter of Credit	5.00 (enhanced from Rs.0.70 crore)	SMERA A4 (Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA B**' (read as **SMERA single B**) and '**SMERA A4**' (read as **SMERA A four**) on the Rs.13.00 crore bank facilities (enhanced from Rs.8.70 crore) of Quick Sale. The outlook is '**Stable**'. The ratings are constrained by the firm's small scale of operations, weak financial risk profile and stretched liquidity position in an intensely competitive and fragmented segment of the paper industry. The ratings are also constrained by the susceptibility of the firm's profit margins to volatility in paper prices. However, the ratings derive comfort from the firm's experienced management.

### Update

Quick Sale reported profit before tax (PBT) of Rs.0.40 crore (provisional) on revenue of Rs.32.21 crore (provisional) in FY2013-14 (refers to financial year, April 01 to March 31), as compared with PBT of Rs.0.41 crore on revenue of Rs.32.87 crore in the previous year. Quick Sale has reduced its dependence on a single customer; sales to the largest customer accounted for ~15 per cent of the firm's total revenues in FY2013-14. Quick Sale's profit margins remain susceptible to the intense competition in the paper industry.

Quick Sale's capital base is low at Rs.2.10 crore (provisional) as on March 31, 2014. The firm is highly dependent on external debt. Quick Sale's gearing (debt-to-capital ratio) remains high at 4.83 times (provisional) as on March 31, 2014. The firm's total debt of Rs.10.14 crore (provisional figure as on March 31, 2014) includes interest-bearing unsecured loans of Rs.1.52 crore from related parties. Quick Sale's working capital cycle remains stretched at 114 days (provisional) in FY2013-14. The firm's average utilisation of cash credit limit is high at ~96 per cent during November 2013 to May 2014.

### Outlook: Stable

SMERA believes Quick Sale will continue to benefit from its experienced management and strong clientele. The firm's ability to scale up operations, improve financial risk profile and achieve better working capital management remains the key rating sensitivity.

### About the firm

Quick Sale, established in 1990, is a proprietorship concern promoted by Mr. Santosh V. Acharya. Quick Sale is engaged in trading of printing paper and duplex boards, which are mainly used in printing and packaging. Moreover, the firm started trading of kraft paper in the current financial year.

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