

## Press Release

### Quick Sale (QS)

February 24, 2017

### Rating Reaffirmed

<b>Total Bank Facilities Rated*</b>	Rs.13.00 Cr
<b>Long Term Rating</b>	SMERA B+/Stable (Reaffirmed)
<b>Short Term Rating</b>	SMERA A4 (Reaffirmed)

\*Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.13.00 crore bank facility of Quick Sale (QS). The outlook is '**Stable**'.

The ratings continue to be constrained by the modest scale of operations, below average financial risk profile and working capital intensive operations. However, the ratings are supported by the experienced management.

### List of key rating drivers and their detailed description

#### Weaknesses:

**Modest scale of operations:** The scale of operations continues to remain modest with revenue of around Rs.35.38 crore in FY2016 as against Rs.31.63 crore in FY2015. Further, the firm has earned revenues of ~Rs.20.00 crore from April to November, 2016.

**Below average financial risk profile:** The firm's TOL to TNW ratio continued to remain high at around 4.79 times as on 31 March, 2016. The gearing stood at 2.71 times as on 31 March, 2016 compared to 4.13 times as on 31 March, 2015 on account of low cash credit outstanding as on 31 March, 2016 which was a year end phenomenon. However the firm has almost 95-100 per cent utilisation of cash credit limit in the current financial year. Thus, the gearing is expected to remain high in the medium term. The net worth of the firm stood low at Rs.3.01 crore as on 31 March, 2016. The interest coverage ratio stands low at around 1.34 times in FY2016.

**Working capital intensive operations:** The firm's operations are working capital intensive with Gross Current Assets (GCA days) of 156 days in FY2016. This is mainly on account of high debtors of 118 days in FY2016. Further, the firm has fully utilised cash credit limits during the current financial year.

#### Strengths:

**Experienced management:** Mr. Santosh Acharya, Proprietor, has been in the paper trading business since 1990.

**Analytical approach:** SMERA has considered the standalone financial and business risk profiles of the firm to arrive at the ratings.

### Applicable Criteria

- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Application of Financial Ratios & Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>

### Outlook: Stable

SMERA believes that Quick Sale will continue to maintain a Stable outlook and benefit from its experienced management and strong clientele. The outlook may be revised to 'Positive' in case of improvement in its scale of operations, while maintaining profitability and efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial profile.

### About the Rated Entity

Quick Sale, established in 1990, is a proprietorship concern promoted by Mr. Santosh V. Acharya. The firm is engaged in the trading of printing paper, kraft paper and duplex boards, mainly used in printing and packaging.

For FY2015-16, QS reported net profit of Rs.0.47 crore on operating income of Rs.35.38 crore, as compared to profit after tax (PAT) of Rs.0.58 crore on operating income of Rs.31.63 crore in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

### Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	8.00	SMERA B+/Stable (Reaffirmed)	06, October 2015	SMERA B+/Stable (Upgraded)	20 November 2014	SMERA B/Stable (Reaffirmed)	-	-
Letter of Credit	ST	5.00	SMERA A4 (Reaffirmed)	06, October 2015	SMERA A4 (Reaffirmed)	20 November 2014	SMERA A4 (Reaffirmed)	-	-
Cash Credit	LT	-	NA	-	-	09 September 2014	SMERA B/Stable (Reaffirmed)	-	-
Letter of Credit	ST	-	NA	-	-	09 September 2014	SMERA A4 (Reaffirmed)	-	-

**\*Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr)	Ratings/Outlook
Cash Credit	NA	NA	NA	8.00	SMERA B+/Stable (Reaffirmed)
Letter of Credit	NA	NA	NA	5.00	SMERA A4 (Reaffirmed)

**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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