

Press Release

Quick Sale (QS)

February 24, 2017

Rating Reaffirmed

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

Contacts:

| Analytical | Rating Desk |
|---|--|
| Vinayak Nayak, Head – Rating Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in Reema Gangola, Rating Analyst, Tel:022-67141111 Email: reema.gangola@smera.in | Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in |

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.