



Rating Rationale

Octal Sales Pvt Ltd

18th December 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 7.00 Crs of Octal Sales Pvt Ltd (OSPL).

Particulars

Bank Facility Rated	Sanctioned Limit (Rs. Crs)	Tenure	Rating ¹
Fund Based			
Cash credit	7.00	Long Term	BWR B- (Pronounced as BWR Single B Minus) Outlook: Stable
Total	Rs. 7.00 Crores (Rupees Seven Crores Only)		

¹For definitions of the rating symbol please visit our website www.brickworkratings.com

Rating Assigned:

Brickwork Ratings (BWR) has assigned the rating for Bank Loan Facilities of Rs. 7.00 Crs of **Octal Sales Pvt Ltd** ('OSPL' or 'the company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY16, provisional financial for FY17 and publicly available information and information/clarifications provided by the management.

The rating continues to factor, inter- alia, promoters business experience, increase in total operating income and profitability margins. However, the ratings are constrained by low track record of the company in stone mining industry, low net worth, high gearing, regulatory risk and stiff competition in the industry. Going forward, the ability of the company to efficiently manage the working capital and net worth would be key rating sensitivities.

Key Rating Drivers:

Experienced management : The promoters, Mr. Sajan Bajaj and Mr. Gaurav Bajaj have business experience of almost a decade.

Increase in Net sales : In FY17 the company stopped its Jute trading activities and changed its business operation into stone mining which has led to increase in Net Sale of the company from Rs. 58.54 Crs in FY16 to Rs. 85.71 Crs in FY17. Total operating income of the company increased by 46.57 % in FY17.

Decrease in TNW and high gearing: As on FY17 the tangible net worth of the company decreased to Rs. 1.03 Crs from Rs. 2.08 Crs as on FY16 due to reduction in share capital. The company's gearing ratio is high at 16.20 times as on FY17.

Intense competition : The company faces intense competition from various players in the industry.

Analytical Approach:

Rating Criteria links are given in the end.

Rating Outlook: Stable

BWR believes **Octal Sales 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company :

Octal Sales Pvt Ltd was incorporated in the year 1997 and it was engaged in trading of Jute. In FY17 the company has changed its business to stone mining. OCPL is managed by Mr. Sajan Bajaj.

Company Financial Performance :

In FY17 the company achieved Net Sales of Rs. 85.71 Crs and PAT of Rs. 0.73 Crs against the Net Sales of Rs. 58.54 Crs and PAT of Rs. 0.07 Crs in FY16. The Tangible Net Worth stood at Rs. 1.03 Cr as on 31st March, 2017. The Debt/Equity ratio stood at 16.20 times as on FY16.

Key Financial ratios:

Particular	FY 2015-16	FY2016-17
Net Sales (Rs Cr)	58.54	85.71
EBITDA (Rs Cr)	(0.58)	2.56
PAT (Rs Cr)	0.07	0.73
Tangible Net Worth (TNW) (Rs Cr)	2.08	1.03
Total Debt/TNW	6.06X	16.20X
Current Ratio	1.14	1.09

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amt (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	7.00	BWR B- (Pronounced as BWR Single B Minus) Outlook: Stable	-	-	-
Total			Rs. 7.00 Crores (Rupees Seven Crores Only)				

Status of non-cooperation with previous CRA - Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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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.

DISCLAIMER

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