

March 20, 2013

| Facilities | Amount (Rs. Crore) | Rating |
|---------------------------|--------------------|---------------------------------|
| Foreign Bill Purchase/FBN | 2.00 | SMERA B+/Stable/Assigned |
| Letter of Credit | 5.00 | SMERA A4/Assigned |

SMERA has assigned a rating of '**SMERA B+ (read as SMERA B plus)**' to the Rs. 2.00 crore long term facility (fund based) and '**SMERA A4 (read as SMERA A four)**' to the Rs. 5.00 crore short term facility (non – fund based) of QVC International Private Limited (QVC). The outlook is '**Stable**'. The ratings are constrained by QVC's short track record of trading operations in a highly competitive industry and exposure to risks related to volatility in commodity prices, thereby impacting the profit margins. The above mentioned weaknesses are partially mitigated by promoters' experience of around a decade in trading of steel and ferro alloy items and high growth registered in its operations in a short span of time.

QVC operates in a highly competitive steel and ferro alloy industry and has shown remarkable growth within a short period of only two years on the back of its promoter's extensive industry experience. Owing to the trading nature of its business, the entry barriers are low, leading to stiff competition faced by the company thus impacting its profit margins, which stands at 0.58% for FY 2012. As on 31st of March, 2012 QVC's net worth base stands at Rs. 1.92 crore. Group Company has been in operations for around 07 years in similar line of business and has been able to register growth and generate moderate profits despite cyclical downturns.

QVC majorly sells manganese ore, chrome ore, coal, coke, high carbon ferro chrome, anthracite coal, silico manganese and ferro manganese which find its application in steel industry.

QVC sells steel & ferro alloys to customers across India and sells directly to manufacturers. QVC also exports to countries in West Africa, Italy, South Korea, Taiwan, Vietnam and Indonesia.

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Outlook: Stable

QVC has a 'Stable' outlook. SMERA believes that QVC will benefit from the extensive experience of the promoters in the metals and minerals trading industry and established relationships with the customers. However, the company's ability to scale up its operations, improve profit margins, increase its net worth base and retain comfortable liquidity position remains the key rating drivers.

About QVC International Private Limited

QVC was incorporated on 31st December, 2007 under the name of Shine Tieup Private Limited and in the year 2010, the name was changed to QVC International Private Limited. The management is looked after by Mr. Nabendu Kumar Das, Mr. Nilesh Kumar Sharma and Ms. Priti Sharma.

QVC primarily sells manganese ore, chrome ore, coal, coke, high carbon ferro chrome, anthracite coal, silico manganese and ferro manganese which find its application in steel industry. It sells directly to manufacturers in India and also exports to countries in West Africa, Italy, South Korea, Taiwan, Vietnam and Indonesia.

For FY 2012, QVC reported a net profit of Rs. 0.18 crore on a total income of Rs. 30.40 crore as against a net profit of Rs. 0.02 crore on a total income of Rs. 4.15 crore for FY 2011.

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