

Press Release

QVC International Private Limited

03 July, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned the long term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.15.00 crore bank facilities of QVC International Private Limited (QVC). The outlook is '**Stable**'.

QVC International Private Limited was incorporated in 2007 by Mr. Sumit Kumar and family and taken over by Mr. Nilesh Kumar Sharma and family in 2010. The company is engaged in the trading of manganese ore and ferro alloys and caters to the domestic market. The registered office is located at Kolkata.

Key Rating Drivers

Strengths

- Experienced management**

The Director, Mr. Nilesh Kumar Sharma has experience of around a decade in the iron and steel industry.

- Average financial risk profile**

The average financial risk profile is marked by low net worth of Rs.2.53 crore and comfortable gearing of 0.77 times in FY2016. The moderate interest coverage ratio (ICR) stood at 1.68 times in FY2016 and low debt service coverage ratio (DSCR) at 0.61 times. The NCA/TD stood at 0.06 times in FY2016.

Weaknesses

- Moderate scale of operations**

While the company began operations in 2007, the revenue is at a moderate Rs.11.23 crore in FY2016 as against Rs.18.00 crore in the preceding year.

- Working capital intensive operations**

The operations are working capital intensive, evident from the high gross current asset days of 299 during FY2016, an increase from 161 days in FY2015. The debtors days stood at 150 days in FY2016 compared to 91 days in FY2015.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of QVC to arrive at the rating.

Outlook: Stable

SMERA believes that QVC will maintain a stable outlook over the medium term owing to its promoters' vast experience in the steel industry. The outlook may be revised to 'Positive' if the scale of operations increases substantially while maintaining operating profitability and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

For FY2015-16, QVC reported profit after tax (PAT) of Rs 0.12 crore on total operating income of Rs.11.23 crore, as compared with PAT of Rs.0.18 crore on total operating income of Rs.18.00 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Name of Instrument /Facilities	FY2017-18			FY2014-15		FY2012-13	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating
Foreign Bill Purchase	LT	2.50	SMERA B/Stable (Assigned)	11 July	SMERA B+ / Stable (Suspended)	20th Mar	SMERA B+ (Assigned)
Foreign Bill Purchase (Proposed)	LT	1.50	SMERA B/Stable (Assigned)	-	-	-	-
Letter of Credit	ST	8.00	SMERA A4 (Assigned)	11 July	SMERA A4 (Suspended)	20th Mar	SMERA A4 (Assigned)
Letter of Credit (Proposed)	ST	3.00	SMERA A4 (Assigned)	-	-	-	-

***Annexure - Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Foreign Bill Purchase	N.A	N.A	N.A	2.50	SMERA B/Stable (Assigned)
Foreign Bill Purchase (Proposed)	N.A	N.A	N.A	1.50	SMERA B/Stable (Assigned)
Letter of Credit	N.A	N.A	N.A	8.00	SMERA A4 (Assigned)
Letter of Credit (Proposed)	N.A	N.A	N.A	3.00	SMERA A4 (Assigned)

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ABOUT SMERA

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