

Press Release

QVC International Private Limited (QVC)

June 28, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE B/Stable (Reaffirmed)
Short Term Rating	ACUITE A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

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

QVC International Private Limited was incorporated in the year 2007 by Mr. Sumit Kumar and family. Later in 2010 it is taken by the current management Mr. Nilesh Kumar Sharma and family and the name was changed to the present name. It's engaged in trading of manganese ore and Ferro alloys. It's having registered office at Kolkata, district of West Bengal.

Key Rating Drivers

Strengths

Experienced management:

The company benefits from its experienced management have around a decade of experience in the iron and steel industry.

Moderate scale of operation:

The scale of operation of the company stood moderate level of Rs.17.31 crore in FY 2017 as against Rs. 11.23 crore in the preceding year. Company has booked Rs.41.06 crore as on 31st March 2018 (Provisional).

Weaknesses

Below average financial risk profile:

The below average financial risk profile of the company is marked by its low net worth, high gearing and moderate interest coverage ratio and average debt protection measures. The networth of the company stood low at Rs.2.66 crore as on 31st March 2017 as compared to Rs.2.53 core in previous year. The gearing of the company stands high at 2.05 times as compared to 0.77 times in the previous year. Total debt of Rs 5.43 crore consist of only short term debt from bank. The interest coverage ratio (ICR) stands moderate at 1.40 times in FY2017 as compared to 1.68 times in the previous year. Debt Service Coverage Ratio (DSCR) is at 1.27 times in FY2017 compared to 0.61 times in the previous year. The net cash accrual against total debt (NCA/TD) stands low at 0.02 times in FY2017 as compared to 0.06 times in the previous year.

Working capital intensive nature of operation:

QVC's operations of working capital intensive, which is evident from high gross current assets days of 191 during FY2017 as compared to 299 days in FY2016. This necessitates working capital requirement as major funds gets blocked in debtors. Debtors days are stand 119 days in FY 2017 as compared to 150 days in FY 2016.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

ACUITÉ 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

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	17.31	11.23	18.00
EBITDA	Rs. Cr.	0.50	0.24	0.31
PAT	Rs. Cr.	0.13	0.12	0.18
EBITDA Margin	(%)	2.91	2.13	1.70
PAT Margin	(%)	0.74	1.07	0.99
ROCE	(%)	11.10	10.32	16.68
Total Debt/Tangible Net Worth	Times	2.05	0.77	0.99
PBDIT/Interest	Times	1.40	1.68	1.58
Total Debt/PBDIT	Times	7.72	4.02	3.15
Gross Current Assets (Days)	Days	191	299	161

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

None

Any other information

"Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups".

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Jul-2017	Bill Discounting	Long Term	INR 2.50	ACUITE B/ Stable (Assigned)
	Bill Discounting	Long Term	INR 1.50	ACUITE B/ Stable (Assigned)
	Letter of Credit	Short Term	INR 8.00	ACUITE A4 (Assigned)
	Proposed Letter of Credit	Short Term	INR 3.00	ACUITE A4 (Assigned)
11-Jul-2014	Post Shipment Credit	Long Term	INR 2.00	ACUITE B+/Stable (Suspended)
	Letter of Credit	Short Term	INR 5.00	ACUITE A4 (Suspended)

20-Mar-2013	Bill Discounting	Long Term	INR 2.00	ACUITE B+/Stable (Assigned)
	Letter of Credit	Short Term	INR 5.00	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B/Stable (Reaffirmed)
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE B/Stable (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A4 (Reaffirmed)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4 (Reaffirmed)

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