

Quality Spares International: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
FDBP/FUDBP	4.50	SMERA A4 (Assigned)
Packing Credit/PCFC	0.50	SMERA A4 (Assigned)

SMERA has assigned short-term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.5.00 crore bank facilities of Quality Spares International (QSI). The rating is constrained by the small scale of operations, working capital intensive business and high gearing. The rating is also constrained by the susceptibility of margins to volatility in raw material prices and intense competition in the auto component industry. However, the rating draws support from the experienced management.

QSI has achieved operating income of Rs.12.16 crore with profit of Rs.0.32 crore in FY2015-16 (Provisional), an improvement from Rs.7.30 crore with profit of Rs.0.17 crore in FY2014-15. The firm has moderate financial risk profile marked by small scale of operations. The firm's gearing (debt-to-equity) is high at 3.87 times as on March 31, 2016 (provisional) against 3.60 times in FY2014-15. Moreover, the interest coverage ratio stood at 1.95 times in FY2015-16 (provisional) against 1.99 times in FY2014-15. The firm registered PAT margin of 2.67 per cent in FY2015-16 (provisional) against 2.28 per cent in FY2014-15. QSI operates in an intensely competitive segment of the auto component industry.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Improving working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

The Noida-based QSI was incorporated in 2013 by Mr. Vishant Gupta, Mr. Prashant Gupta and Mr. Shiv Kumar Gupta. The firm is engaged in the manufacture and export of tractor linkage parts, agricultural farm implements and other engineering goods at Greater Noida, Uttar Pradesh.

For FY2015-16 (provisional), the firm reported profit after tax (PAT) of Rs.0.32 crore on operating income of Rs.12.16 crore, as compared with PAT of Rs.0.17 crore on operating income of Rs.7.30 crore in FY2014-15. The net worth stood at Rs.1.49 crore as on March 31, 2016 (provisional) against Rs.1.10 crore a year earlier.



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ABOUT SMERA

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