

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.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.