



Magnasoft Consulting India Private Limited

Instrument	Amount (Rs. Crore [*])	Rating Action
Cash Credit	6.75	[ICRA]BBB (SO) (Stable) / assigned
Term Loan	1.30	[ICRA]BBB (SO) (Stable) / assigned
Cash Credit	1.25	[ICRA]BBB (SO)! (Stable) / assigned
Term Loan	0.70	[ICRA]BBB (SO)! (Stable) / assigned
Proposed Limits	1.00	[ICRA]BBB (SO)! (Stable) / assigned
Short Term Non Fund Based Limit	1.00	[ICRA]A3+ (SO)! / assigned

! Denotes that the rating is conditional

ICRA has assigned the long-term rating of [ICRA]BBB (SO) [pronounced as ICRA triple B (Structured Obligation)] to the Rs. 1.30 crore term loan facilities and the Rs.6.75 crore long-term fund based facilities of Magnasoft Consulting India Private Limited (“MCPL” / “the company”) †. ICRA has also assigned a conditional long-term rating of [ICRA]BBB (SO) to the Rs.0.70 crore term loan facilities, the Rs.1.25 crore long-term fund based facilities and the Rs.1.00 crore proposed limits of MCPL. The outlook on the long term ratings is stable. ICRA has also assigned a conditional short-term rating of [ICRA]A3+ (SO) [pronounced as ICRA A three plus (Structured Obligation)] to the Rs.1.00 crore short-term non-fund based facilities of MCPL.

The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA’s opinion on the general credit quality of the issuers concerned. The SO rating is based on the corporate guarantee provided by Global Technology Ventures Limited. The conditional ratings are conditional upon Global Technology Ventures Limited (“GTVL”) executing a corporate guarantee deed with Bank of Baroda, in line with the draft shared with ICRA.

The ratings are based solely on the strength of the Corporate Guarantee provided by GTVL in the favour of MCPL. The assigned rating addresses the servicing of the rated facilities to happen as per the terms of the underlying loan and the guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower. In the event that the Guarantor [GTVL] revokes or discontinues the guarantee on the aforementioned facilities, the captioned rating for the above mentioned facilities will not apply. In that event, the rating on the facility will have to be reviewed.

ICRA takes note of the long standing experience of the promoters in the IT industry and the strong strategic support from the investor group Global Technology Ventures Limited; the Company’s diversified base of over 400 customers lending business stability, its healthy market position in the Scandinavian market and its long term contracts with customers enhancing revenue visibility. The Company has been witnessing healthy traction in the relatively high margin NorthStar, Laser scanning & 3D modeling divisions which is expected to augur well for MCPL. Further, planned foray into new products is likely to enhance its business prospects going forward. MCPL’s financial profile is characterized by healthy operating margins, comfortable capital structure and sound coverage indicators. The small scale of operations restricts the Company’s financial flexibility to some extent and high competition in certain segments limit pricing flexibility and growth prospects to an extent. Owing to relatively long process timelines, the Company’s receivable period remains stretched thereby elongating the working capital cycle and straining its liquidity to some extent. The Company is also exposed to significant foreign currency risk as it derives more than 90% of its revenues from exports.

* 100 lakhs = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications



Company Profile

Incorporated in 2000, MCPL is a small-sized Information Technology (IT) company offering Geographic Information System (GIS) based solutions across service offerings such as laser scanning and 3D modelling, spatial solutions development, digital photogrammetry, spatial data management and engineering services primarily to aid engineering & consultancy firms in aerial & land survey, GIS mapping, etc. (which in turn cater to end customers such as Government, oil & gas, telecom and mining companies). The Company primarily caters to clients based in Americas, Europe, Africa and Middle East among others across vertical sectors such as energy, transportation and water & land administration. The company has also developed a product - NorthStar - which is an integrated school bus & child safety system that uses a hybrid of technologies including GPS, GPRS, RFID, webcam and CCT that works on cloud computing platform.

Headquartered in Bangalore, the company has two wholly owned subsidiaries in USA and London (marketing offices). The company was founded by Mr. Bobbie H Kalra and is a 75.2% subsidiary of Global Technology Ventures Limited (GTVL), a Bangalore-based venture investment company, which is a part of the Coffee Day Group that operates the coffee retail chain under the brand name "Café Coffee Day".

The company reported net profit of Rs. 3.6 crore on operating income of Rs. 26.4 crore during 2013-14 against a net profit of Rs. 2.5 crore on operating income of Rs. 23.3 crore during 2012-13.

Guarantor Profile

GTVL is a venture capital holding company based in Bangalore, engaged in identifying and mentoring Indian companies engaged in technology space. Coffeeday Resorts Private Limited holds 88.8% stake in the company. The company has also set up a 59 acre technology incubator park in Bangalore, which provides office space, communication links, recreational facilities and even a commercial centre. GTVL holds stake in companies such as MindTree Consulting Limited, Way2Wealth Securities Private Limited, Global Edge Software Private Limited and Magnasoft Consulting India Private Limited.

GTVL reported net profit of Rs. 5.0 crore on operating income of Rs. 8.4 crore during 2013-14 against a net loss of Rs. 2.2 crore on operating income of Rs. 6.2 crore during 2012-13.

October 2014

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