

September 18, 2019

## Magnasoft Consulting India Private Limited: Moved to Non Cooperating category; rating downgraded based on best available information

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based- Cash Credit	13.00	13.00	[ICRA]B+(Negative) ISSUER NOT COOPERATING*; downgraded from [ICRA]BB+(SO)(Negative) and moved to the 'Issuer Not Cooperating' category
Fund based- Term Loan	2.00	2.00	[ICRA]B+(Negative) ISSUER NOT COOPERATING*; downgraded from [ICRA]BB+(SO)(Negative) and moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>15.00</b>	<b>15.00</b>	

<sup>^</sup>Instrument details are provided in Annexure-1

\*Issuer did not cooperate; based on best available information.

### Material event

Ratings of Coffee Day Enterprises Limited (CDEL), the holding company of Coffee Day group, was downgraded to [ICRA]D from [ICRA]BB+ (Negative), following delay in debt servicing by Coffee Day Global Limited (CDGL), the flagship subsidiary of CDEL. Further, Sical group of companies, which are part of Coffee Day group, have also witnessed delays in debt servicing.

### Impact of the material event

The deterioration in the credit profile of the Coffee Day Group, is likely to impact the financial flexibility of Magnasoft Consulting India Private Limited (MCPL). As part of its process and in accordance with its rating agreement with Magnasoft Consulting India Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

### Rationale

The rating downgrade is because of lack of adequate information regarding MCPL's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Coffee Day Trading Limited (CDTL), the parent of Magnasoft Consulting India Private Limited (MCPL), has provided an unconditional and irrevocable guarantee along with an undertaking to ensure that MCPL's debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary. However, given the weakened liquidity position of the group, the ability of the guarantor to provide support to its subsidiaries and group companies stand constrained.

The Negative outlook reflects the increased uncertainties at the group level post the demise of the promoter Mr. V G Siddhartha, which includes constrained financial flexibility, and increased refinancing risk for the group, following steep erosion in share prices of CDEL and group entities.

The previous detailed rating rationale is available on the following link: [Click here](#)

### Key rating drivers

Not applicable

### About the company:

Incorporated in 2000, Magnasoft Consulting Private Limited (MCPL) is a small-sized Information Technology (IT) company offering Geographic Information System (GIS) based solutions across service and product 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 also has its presence in product lines: NorthStar - which is an integrated school bus & child safety system that uses a hybrid of technologies including GPS, GPRS, RFID, webcam and CCTV that works on cloud computing platform, and Toggr – which is a wearable child wrist watch currently in POC phase.

Headquartered in Bangalore, the company has two wholly owned subsidiaries in USA and London. The company was founded by Mr. Bobbie H Kalra and is a subsidiary of Coffee Day Trading Limited (erstwhile Global Technology Ventures Limited), a Bangalore-based venture investment company, which is part of the Coffee Day Group that operates the coffee retail chain under the brand name "Café Coffee Day". CDTL holds 77.88% stake in Magnasoft Consulting India Private Limited.

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for last three years:

	Instrument	Type	Current Rating (FY2020)		Rating History for the past 3 years						
			Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Current Rating 18-Sep-2019	Earlier rating		FY2019	FY2018		FY2017
						13-Aug-2019	31-Jul-2019	05-Jul-2018	15-Dec-2017	27-Sep-2017	27-Jun-2016
1	Cash Credit	Long Term	13.00	-	[ICRA]B+ (Negative) ISSUER NOT COOPERATING^	[ICRA]BB+ (SO) (Negative)	[ICRA]BBB+ (SO)@	[ICRA]BBB+ (SO) (Stable)	[ICRA]BBB+ (SO)& ISSUER NOT COOPERATING*	[ICRA]BBB+ (SO) &	[ICRA]BBB+ (SO)
2	Term Loan	Long Term	2.00	0.0	[ICRA]B+ (Negative) ISSUER NOT COOPERATING^	[ICRA]BB+ (SO) (Negative)	[ICRA]BBB+ (SO)@	[ICRA]BBB+ (SO) (Stable)	[ICRA]BBB+ (SO)& ISSUER NOT COOPERATING*	[ICRA]BBB+ (SO) &	[ICRA]BBB+ (SO)

Amount in Rs. crore

^Issuer did not cooperate; based on best available information.

@ placed on watch with negative implications

\* moved to non-cooperation category due to NDS non-submission

& placed on watch with developing implications

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	20-Oct-2015	-	-	8.00	[ICRA]B+(Negative) ISSUER NOT COOPERATING^
NA	Cash Credit	27-Jul-2016	-	-	5.00	[ICRA]B+(Negative) ISSUER NOT COOPERATING^
NA	Corporate Loan	20-Oct-2015	-	Oct 2021	2.00	[ICRA]B+(Negative) ISSUER NOT COOPERATING^

Source: MCPL

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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