

October 26, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	25.00*	SMERA BBB-/Stable (Assigned)
Cash Credit	15.00	SMERA BBB-/Stable (Assigned)
Cash Credit	10.00**	SMERA BBB-/Stable (Assigned)
EPC/PCFC	25.00#	SMERA A3 (Assigned)
EPC/FBD	20.00##	SMERA A3 (Assigned)
EPC/PCFC	15.00^	SMERA A3 (Assigned)
PSR	1.30	SMERA A3 (Assigned)
Forward Cover	1.20	SMERA A3 (Assigned)

* LC and LG of Rs.10.00 crore and Rs.5.00 crore respectively – sublimit within CC

** Bank Guarantee of Rs.3.00 crore – sublimit within CC

Post Shipment Credit of Rs.25.00 crore - sub limit within EPC/PCFC

Derivative of Rs.0.60 crore – sub limit within EPC/FBD

^FDBP/FUDBP/FDBD of Rs.15.00 crore - sub limit within EPC/PCFC

SMERA has assigned a long-term rating of '**SMERA BBB**' (**read as SMERA triple B minus**) and a short-term rating of '**SMERA A3**' (**read as SMERA A three**) to the Rs.112.5 crore bank facilities of Merchant Agri Global Private Limited (MAGPL). The outlook is '**Stable**'. The ratings draw comfort from the promoter's extensive experience in the agro commodities industry, sound risk management policies, funding support from promoters and above average scale of operations. However, the ratings are constrained by the working capital intensive operations, susceptibility of the operating margins to volatility in raw material prices and intense competition in the highly fragmented agro commodity trading industry.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Working capital management
- Future capital expenditure plans and funding mix thereof

Outlook: Stable

SMERA believes that MAGPL will continue to benefit over the medium term from its promoters extensive industry experience and funding support. The outlook may be revised to 'Positive' in case of increase in the scale of operations and profitability leading to improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates on account of low profitability/revenue or if any debt-funded capital expenditure is undertaken. Also, substantial increase in working capital requirement resulting in weakening of the liquidity profile may also entail a 'Negative' outlook.

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.

About the Company

Incorporated in 2006, the MAGPL is promoted by Mr. Abhishek Agrawal and family of Indore-Madhya Pradesh. The company is engaged in the trading and exporting of agricultural commodities mainly animal feed raw materials that various types of meals, de-oiled rice bran, millet, maize, wheat and rice among others. The day-to-day operations of MAGPL are managed by Mr. Abhishek Agrawal (Managing Director).

The company reported profit after tax (PAT) of Rs. 5.92 crore on operating revenues of Rs.658.59 crore for FY2014-15, as compared with PAT of Rs.6.13 crore on operating revenues of Rs.597.56 crore in the previous year.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Operations Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@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.