

March 01, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA BB/Stable (Assigned)
Bank Guarantee	1.00	SMERA A4+ (Assigned)
Non-Fund based (Proposed)	3.00	SMERA A4+ (Assigned)

SMERA has assigned a rating of **'SMERA BB' (read as SMERA double B)** to the Rs.6.00 crore fund-based bank facility and **'SMERA A4+' (read as SMERA A four plus)** to the Rs.4.00 crore non fund-based bank facilities of Magpie Global Limited (MGL). The outlook is **'Stable'**. The ratings are supported by the company's experienced management, comfortable financial risk profile and working capital cycle. However, the ratings are constrained by the modest scale of operations, low profitability, forex fluctuation risk and the highly regulated liquor sector.

Rating Sensitivity Factors

- Ability to scale up operations and profitability
- Working capital management
- Deterioration in the capital structure and coverage indicators

Outlook: Stable

SMERA believes MGL will maintain a Stable business profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing pressure on margins.

About the Company

MGL, incorporated in 2006, is a Mumbai-based company promoted by Mr. Ashok Garg. The company is engaged in the trading and distribution of alcoholic beverages, cigarettes, perfumes among others.

For 2014-15, MGL reported net profit after tax (PAT) of Rs.0.47 crore on operating income of Rs.49.00 crore as against PAT of Rs.0.40 crore on operating income of Rs.37.78 crore. The company's tangible net worth stood at Rs.2.79 crore as against Rs.2.76 crore in the previous year.

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SMERA RATINGS LIMITED

Magpie Global Limited (MGL)

Rating
Rationale

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in Web: www.smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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