



Theorem India Private Limited (Theorem)

March 05, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.50	SMERA BB+/Stable (Assigned)
Cash Credit	5.00	SMERA BB+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.6.50 crore bank facilities of Theorem India Private Limited (Theorem). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management. The rating is also supported by the company's healthy revenue growth and strong financial risk profile. However, the rating is constrained by the company's modest scale of operations. The rating notes that the company is susceptible to the inherent cyclicity in the information technology industry.

Theorem, incorporated in 2002, is a Bangalore-based company engaged in providing software development services. Theorem is a subsidiary of Theorem INC, USA. The company provides online media operations, reporting and analytical services to its parent entity. Theorem benefits from its experienced management. Mr. Jay Kulkarni, director of Theorem, has around three decades of experience in the information technology industry. Theorem's revenue has grown at a healthy compound annual growth rate (CARG) of ~28 per cent during FY2009-10 to FY2013-14. The company's strong financial risk profile is marked by low gearing of 0.11 times as on March 31, 2014 and healthy net cash accruals of Rs.10.15 crore in FY2013-14.

Theorem has modest-scale operations marked by operating income of Rs.54.03 crore in FY2013-14. The company is susceptible to the inherent cyclicity in the information technology industry.

Outlook: Stable

SMERA believes Theorem will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues and profitability. Conversely, the outlook will be revised to 'Negative' in case of significant decline in the company's revenue and profit margins.

About the company

Theorem, incorporated in 2002, is a Bangalore-based company promoted by Mr. Jay Kulkarni. Theorem is a subsidiary of the US-based Theorem INC. The company offers online media operations, reporting and analytical services to its parent entity.

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SMERA RATINGS LIMITED

Theorem India Private Limited

(Theorem)

*Rating
Rationale*

For FY2013-14, Theorem reported profit after tax (PAT) of Rs.6.71 crore on operating income of Rs.54.03 crore, as compared with PAT of Rs.5.60 crore on operating income of Rs.40.95 crore in FY2012-13. The company's net worth stood at Rs.29.54 crore as on March 31, 2014, as compared with Rs.23.85 crore a year earlier.

Contact List

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