

July 06, 2015

Facilities/Instruments	Amount (Rs. Crores)	Rating
Term Loans	73.00	SMERA BBB+/Stable (Assigned)
Proposed Term Loan	12.00	SMERA BBB+/Stable (Assigned)
Cash Credit Facilities	50.00	SMERA BBB+/Stable (Assigned)
Proposed Cash Credit Enhancement	130.00	SMERA BBB+/Stable (Assigned)
Bank Guarantees	10.00	SMERA A2 (Assigned)
Proposed Bank Guarantee Enhancement	25.00	SMERA A2 (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB+**' (**read as SMERA triple B plus**) and short term rating of '**SMERA A2**' (**read as SMERA A two**) to the bank facilities of Karvy Data Management Services Limited (KDMSL). The outlook is '**Stable**'.

The rating derives comfort from the established track record of the promoters in the industry, strong execution capabilities, above average financial risk profile marked by healthy debt protection metrics and strong funding support from associate entities. These rating strengths are partially offset by revenue risk arising from concentration in revenue profile towards e-governance segment, intense competition in the segment and working capital intensive operations.

Outlook: Stable

SMERA believes that KDMSL will continue to benefit over the medium term from its established presence and extensive experience of its management. The outlook may be revised to 'Positive' if company improves its scale of operations and working capital management leading to improvement in financial risk profile, particularly liquidity. Conversely, the outlook may be revised to 'Negative' if company records lower than expected revenues or its working capital management deteriorates or it undertakes larger than expected debt funded capital expenditure leading to weakening of financial risk profile.

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About the Company

KDMISL incorporated in 2008, is part of the Karvy group based out of Hyderabad. The Karvy group is a three decade old diversified financial services conglomerate in India with presence in stock broking, data management, institutional equities, wealth management and asset management services. Karvy Stock Broking Ltd is the flagship company of Karvy group and holds 58% of shareholding in KDMISL, remaining 42% being held by another associate entity Karvy Realty India Limited.

KDMISL derives majority of its revenues from undertaking E-governance projects, such as Unique Identification (UID) project, National Population Register (NPR) and E-Panchayat projects. The company also provides back office processing and data management services for various industry verticals such as telecom, banking and financial services among others.

For FY2013-14, the company reported PAT of Rs. 15.6 crores on total revenues of Rs. 195. 2 crores as against PAT of Rs. 14.0 crores on total revenues of Rs. 182.2 crores for FY2012-13.

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