

## Press Release

### KARVY DATA MANAGEMENT SERVICES LIMITED

November 27, 2019



#### Rating Update

<b>Total Bank Facilities Rated*</b>	Rs.600.00 Cr. #
<b>Long Term Rating</b>	ACUITE BB+ (Downgraded from ACUITE BBB+) Issuer not co-operating*
<b>Short Term Rating</b>	ACUITE A4+ (Downgraded from ACUITE A2) Issuer not co-operating*

# Refer Annexure for details

\* The issuer did not co-operate; based on best available information.

Acuité has downgraded long-term rating to '**ACUITE BB+** (read as ACUITE double B plus) from '**ACUITE BBB+**' (read as ACUITE triple B plus) and short term rating to '**ACUITE A4+**' (read as ACUITE A four plus) from '**ACUITE A2**' (read as ACUITE A two) on the Rs.600 crore bank facilities of KARVY DATA MANAGEMENT SERVICES LIMITED (KDMSL). This rating continues to be flagged as 'Issuer Not Cooperating' and rating downgrade is on account of information risk and recent developments in the Karvy Group.

The Hyderabad-based KDMSL, part of the Karvy group, was incorporated in 2008. The Karvy group is a three-decade old diversified financial services conglomerate with presence in stock broking, data management, institutional equities, wealth management and asset management services. Karvy Stock Broking Limited (KSBL) is the flagship company of the group and holds 30 percent stake in KDMSL with the balance 70 percent held by Karvy Realty India Limited (KRIL). KDMSL undertakes E-Governance projects, back office processing, data management services for the government and also for industries such as telecom, banking sectors among others.

#### Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

#### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation of Companies - <https://www.acuite.in/view-rating-criteria-60.htm>

#### Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

#### About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	1255.15	884.79	408.23
EBITDA	Rs. Cr.	216.96	175.34	98.36
PAT	Rs. Cr.	75.37	36.67	19.73
EBITDA Margin	(%)	17.29	19.82	24.09

PAT Margin	(%)	6.01	4.14	4.83
ROCE	(%)	19.16	19.93	28.02
Total Debt/Tangible Net Worth	Times	2.53	2.47	2.72
PBDIT/Interest	Times	2.56	2.41	2.35
Total Debt/PBDIT	Times	3.21	2.98	3.82
Gross Current Assets (Days)	Days	250	226	329

#### Status of non-cooperation with previous CRA (if applicable)

None

#### Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

#### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
12-Nov-2019	Cash Credit	Long Term	220.00	ACUITE BBB+ Issuer not co-operating*
	Term Loans	Long Term	111.85	ACUITE BBB+ Issuer not co-operating*
	Proposed Bank Facility	Long Term	158.15	ACUITE BBB+ Issuer not co-operating*
	Bank Guarantee	Short Term	110.00	ACUITE A2 Issuer not co-operating*
22-Aug-2018	Cash Credit	Long Term	220.00	ACUITE BBB+/Stable (Upgraded)
	Term Loans	Long Term	111.85	ACUITE BBB+/Stable (Upgraded)
	Proposed Bank Facility	Long Term	158.15	ACUITE BBB+/Stable (Upgraded)
	Bank Guarantee	Short Term	110.00	ACUITE A2 (Upgraded)
13-Jul-2017	Term Loans	Long Term	47.91	ACUITE BBB/Stable (Upgraded)
	Cash Credit	Long Term	80.00	ACUITE BBB/Stable (Upgraded)
	Cash Credit	Long Term	60.00	ACUITE BBB/Stable (Assigned)
	Letter of Credit	Short Term	65.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	30.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	35.00	ACUITE A3+ (Upgraded)
	Proposed Fund Based	Long Term	282.09	ACUITE BBB/Stable (Upgraded)

### #Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	220.00	ACUITE BB+ (Downgraded) Issuer not co-operating*
Term Loans	Not Applicable	Not Applicable	Not Applicable	111.85	ACUITE BB+ (Downgraded) Issuer not co-operating*
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	158.15	ACUITE BB+ (Downgraded) Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	110.00	ACUITE A4+ (Downgraded) Issuer not co-operating*

\*The issuer did not co-operate; based on best available information.

### Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Naveen Papisetty Analyst - Rating Operations Tel: 040-40042327 <a href="mailto:naveen.papisetty@acuite.in">naveen.papisetty@acuite.in</a>	

### About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** An Acuité 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. Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.