

### Corpus Software Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating
Packing Credit	7.00*	SMERA A4+ (Assigned)
Letter of Credit	0.50#	SMERA A4+ (Assigned)
Packing Credit (Proposed)	3.00	SMERA A4+ (Assigned)
Letter of Credit (Proposed)	0.50	SMERA A4+ (Assigned)

\*Includes sublimit of Open Cash Credit to the extent of Rs. 4.00 crore.

#Interchangeable with bank guarantee

SMERA has assigned rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.11.00 crore bank facilities of Corpus Software Private Limited (CSPL).

The rating is supported by the company's established track record of operations, experienced management and moderate financial risk profile. However, the rating is constrained by the modest scale of operations and working capital intensive business. The rating also factors in the company's slender profitability amidst stiff competition in the Information Technology (IT) industry.

CSPL, a Hyderabad-based IT company is engaged in software development and sale of STB middleware solution - MediaStack. The company benefits from its experienced management. The promoter, Mr. Sachendra Tummala has over three decades of experience in the IT industry. The financial risk profile is moderate marked by comfortable gearing of 0.46 times; healthy interest coverage ratio of 5.74 times and strong networth base of Rs. 16.32 crore for FY2014-15 (refers to financial year, April 01 to March 31).

However, the rating is constrained by the modest scale of operations with operating income of Rs.35.95 crore for FY2014-15 as against Rs.32.02 crore in the previous year. The rating notes the working capital intensive business evident from the gross current asset days (GCA) of 225 for FY2015. The rating also factors in the low profitability with PAT margins of 0.99 per cent for FY2014-15 amidst stiff competition in the industry.

#### Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Diversification of product portfolio
- Efficient working capital management
- Changes in government regulations

#### About the Company

CSPL, incorporated in 1999, is a Hyderabad-based engaged in software development and sale of STB middleware solution - MediaStack. The company is promoted by Mr. Sachendra Tummala and Mr. Sanjiv Kumar Tandon.

For FY2014-15, CSPL reported profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.35.95 crore as compared with PAT of Rs.0.62 crore on operating income of Rs.32.02 crore for FY2013-14.

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**ABOUT SMERA**

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