

APRIL 20, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF BIRLASOFT (INDIA) LIMITED

Ratings

Facilities*	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	35	CARE A+ [Single A Plus]	Revised from CARE AA- (SO) [Double A Minus (Structured Obligation)]*
Short-term Bank Facilities	35	CARE A1+ [A One Plus]	Revised from A1+ (SO) [A One Plus (Structured Obligation)]*
Total	70		

* The ratings were earlier backed by a corporate guarantee from National Engineering Industries Limited (rated CARE AA-/CARE A1+). Subsequent to the withdrawal of the corporate guarantee, the ratings have been assigned on a standalone basis.

Rating Rationale

The ratings assigned to the bank facilities of Birlasoft (India) Limited (BSIL) take into account its strong parentage being part of C.K Birla group with long track record in IT consulting business, comfortable financial risk profile, reputed client base and strategic acquisitions and alliances made by the company to drive business growth. These rating strengths are, however, partially offset by the company's dependence on economic conditions of the foreign markets, geographical concentration, exposure to foreign currency fluctuation and stiff competition from established IT companies.

Ability of the company to maintain growth in its scale of operations in a highly competitive industry scenario without adverse impact on the capital structure will remain the key rating sensitivities.

Background

BSIL, part of the CK Birla group, was incorporated in 1995. BSIL is chaired by Ms Amita Birla, wife of Mr CK Birla, who is also one of the directors in the company. BSIL is a global provider of IT solutions and services. The company provides services in the areas of software development, package implementation, application management and testing. BSIL leverages its domain knowledge in the areas of banking, financial services, manufacturing, healthcare and ERP implementation. The company also has overseas branches at Singapore, Australia, Sweden, Switzerland, Canada, Dubai and Czech Republic.

BSIL, at a consolidated level, had a total income of Rs.921.77 crore with a PAT of Rs.124.80 crore in FY14 (refers to the period April 1 to March 31) as compared with the total income of Rs.821.33 crore with a PAT of Rs.30.17 crore in FY13. As per the unaudited 9MFY15 results (refers to the period April 1 to December 31) the company earned a PAT of Rs.55 crore on an operating income of Rs.782 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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