



Saksoft Limited

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To

The Listing/Compliance Department The National Stock Exchange of India Limited “Exchange Plaza” Bandra Kurla Complex Bandra (E) Mumbai – 400 051 <u>Stock Code: SAKSOFT</u>	The Listing/Compliance Department Bombay Stock Exchange Limited Floor No.25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 <u>Stock Code: 590051</u>
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Dear Sirs,

Sub: Intimation regarding Credit rating for bank facilities

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, this is to inform that Credit Analysis & Research Limited (CARE) has assigned an upward rating to the long term and short term bank facilities of the Company from CARE BBB (Triple B) to CARE BBB+ (Triple B plus) and CARE A3 (A Three) to CARE A3+ (A Three plus) respectively.

Rationale for revision as received from CARE ratings is enclosed with this letter.

Please take this information on record.

For Saksoft Ltd

Company Secretary



CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SAKSOFT LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	21 [Reduced from Rs.22 crore]	CARE BBB + (Triple B Plus)	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	20	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
Total Facilities	41 (Rupees Forty One crore only)		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Saksoft Limited (Saksoft) factors in the improvement in financial profile of the company during FY16 (refers to the period April 01 to March 31) reflected by the improved profitability, capital structure and comfortable coverage indicators. The ratings also derive strength from the company's long operational track record, vast industrial experience of promoters with a well-qualified management team and strong client relationships.

The ratings are, however, constrained by the medium sized operations of the company with marginal growth in revenues during FY16, customer & geographical concentration risk and intense competition present in the highly fragmented IT industry.

The ability of Saksoft to grow its revenues by adding new clients both in business intelligence & testing segments, sustain its profitability levels and manage the revenue concentration risk are key rating sensitivities.

CARE continues to take a consolidated view of Saksoft and its subsidiaries, considering the strong operational and financial linkages. All the companies are engaged in similar line of business under a common management.

Background

Established in 1999 by Mr Autar Krishna and his son Mr Aditya Krishna, Saksoft is engaged in providing business intelligence and information management solutions predominantly to mid-tier companies based out of USA and UK. Saksoft initially catered to the BFSI segment before diversifying to ecommerce, manufacturing, public sector and education verticals. Over the years, Saksoft has grown both organically and inorganically by acquiring various companies in complementary line of business expanding its product offerings. The company now offers associated services like application development, testing & quality control and cloud based solutions along with Information Management (IM) and Business Intelligence (BI) solutions.

As on March 31, 2016, Saksoft had 6 subsidiaries (5 wholly-owned subsidiaries and one where the company holds 51% stake) and 4 step-down subsidiaries across geographies like US, UK, Germany, France and

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

Singapore. Saksoft is a public limited company listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

During FY16, the company reported a net profit of Rs.21.78 crore on total operating revenue of Rs.243.73 crore as against net profit of Rs.17.37 crore on total operating revenue of Rs.231.40 crore in FY15.

Analyst Contact

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.