

August 26, 2010

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF SPANCO RESPONDEZ BPO PVT LTD.**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	12	'CARE BB (SO) [Double B (Structured Obligation)]	Revised from CARE BBB (SO) [Triple B (Structured Obligation)]
Total Facilities	12		

Rating Rationale

The ratings for SRBPL are based on the unconditional and irrevocable Corporate Guarantee provided by Spanco Limited (Spanco). Spanco would make the payment within five working days of the demand made on it.

[The rating revision follows the revision of the ratings of Spanco Ltd's long-term facilities/instruments from 'CARE BBB' [Triple B] to 'CARE BB' [Double B] and of its short-term facilities/instruments from 'PR3' [PR Three] to 'PR4' [PR Four]].

The revision in the ratings of Spanco Ltd takes into account delay in collection from customers leading to cash flow mismatches, instances of devolvement of Letters of Credit (LC) and delays in repayment of term debt instalments in the past. The ratings are further constrained by high gearing levels and investments in business-related ventures and expected commitments towards these ventures.

The ratings however continue to derive strength from Spanco's established position in Telecom systems integration & IT-enabled services businesses, experienced management, tie-ups with international telecom-networking equipment providers and strong clientele.

Spanco's ability to maintain its margins in the highly competitive environment and managing debtors' levels are the key rating sensitivities.

Company Profile

Spanco Respondez BPO Private Ltd (SRBPL) is the 100% subsidiary of Spanco BPO Ventures Ltd (SBVL), the holding company for the worldwide contact centre/BPO related activities of the Spanco Group. Respondez is the global contact center and international Business Process Outsourcing brand of the Spanco Group. Respondez's clients are spread globally, across a wide spectrum of sectors like telecom, retail, finance and gaming.

On a total income of Rs.58.43 crore, SRBPL earned a PAT of Rs.4.40 crore in FY09. As per the provisional results for the nine months ended December 2009, SRBPL earned a PAT of Rs.2.69 crore on net sales of Rs.52.81 crore.

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

About Guarantor

Spanco Limited, formerly known as Spanco Telesystems and Solutions Ltd was established as a Private Limited Company in 1995 by Mr. Kapil Puri and Mr. Rajesh Chhabria. The company initially provided EPBAX and analogue radio products. In 1999, Spanco became a Public Limited Company and gradually evolved as a comprehensive networking and system integration solution provider. On total sales of Rs.667 crore, Spanco earned a PAT of Rs.20 crore in FY09. As per the unaudited results for the year ended March 2010, Spanco earned a PAT of Rs.65 crore on net sales of Rs.1,183 crore.

Analyst Contact

Name: Gaurav Dixit

Tel # 67543483

Mobile # 9892962879

Email:Gaurav.dixit@careratings.com

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.

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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.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>