

July 29, 2010

**CARE ASSIGNS 'CARE BBB' AND 'PR3' RATINGS TO BANK FACILITIES OF VAYAM TECHNOLOGIES LTD.**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	29.11	'CARE BBB' (Triple B)	Assigned
Short-term Bank Facilities	39.75	'PR3' (PR Three)	Assigned
<b>Total Facilities</b>	<b>68.86</b>		

**Rating Rationale**

The ratings reflect experienced promoter and management team, concentration on projects executed for Government enterprises mitigating credit risk, established relationship with leading software organizations, pan-India presence, moderate financial profile with moderate profitability margins and low overall gearing and stable demand outlook on account of several initiatives taken by Government backed by requisite fund allocation to the IT sector. The ratings are however constrained by modest scale of operations, stretched collection period and high utilization of working capital borrowings. Going forward, ability of VTL to scale up its operations and improve profitability parameters along with prudent working capital management would be key rating sensitivities.

**Company Profile**

Vayam Technologies Ltd. (VTL) incorporated in 2000 provides turnkey IT solutions, services and products spanning the entire spectrum of information technology. The service portfolio includes Enterprise Application Development and System Integration, application maintenance and support, consulting, IT outsourcing/managed services etc. VTL is SEI CMMi level 5, ISO 9001:2000 and ISO 27001:2005 certified company. VTL registered total operating income of Rs.208 crore in FY2010. PBILDT margin and PAT margin were 16.08% and 9.83% respectively in FY10. The overall gearing was low at 0.41 times as on March 31, 2010.

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

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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