

November 08, 2017

Virtusa Consulting Services Private Limited

The board of Polaris Consulting & Services Limited (Polaris), subsidiary of Virtusa Consulting Services Private Limited (VCS), has in its board meeting dated October 31, 2017 announced appointing of merchant bankers to carry out due diligence for de-listing of its shares.

VCS in its capacity as promoter of Polaris had put a proposal to the Polaris board for voluntary delisting of equity shares of Polaris from the stock exchanges. The board of Polaris has appointed merchant bankers for carrying out the due diligence and basis the outcome of same, it will decide on VCS proposal. VCS, which owns 74.40% stake in Polaris, intends to acquire the remaining 25.60% stake thereby making Polaris its wholly owned subsidiary. Mode and financing of this delisting remains to be seen. Moreover, the proposed delisting is subject to certain conditions, including the satisfaction of the minimum tender condition, the approval of the Polaris shareholders and other regulatory approvals.

At present, ICRA has outstanding ratings of [ICRA]A+(Stable) for NCDs of VCS. The rating takes into account its strong parentage viz. Virtusa Corporation (Virtusa). Virtusa is an established Information Technology (IT) consultancy and IT enabled Services (ITeS) provider and enjoys healthy business position characterised by a steady client base with repeat business and consistent new client addition; its global execution capabilities and an experienced management team. The rating also takes into consideration VCS' majority shareholding in Polaris, which has strengthened the position of the consolidated entity in the Business, Financial Services and Insurance (BFSI) segment with sizeable addressable market and client base.

The previous rating rationale is available on the following link:
<https://www.icra.in/Rationale/ShowRationaleReport/?Id=34067>

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