Zensar Technologies Limited

August 01, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term/Short-term Fund-based facilities	140.00	140.00	[ICRA]AA+(Stable)/ [ICRA]A1+
Total			

Material Event

Zensar Technologies Limited (Zensar/ the company) announced the acquisition of Indigo Slate on July 27, 2018 for a consideration of US$ 18 million followed by performance-based pay-outs in the following 36 months. The acquisition will be carried out by its wholly owned subsidiary, Zensar Technologies Inc. It will be funded through a mix of internal accruals and external debt and is expected to be completed in the next three months. Indigo Slate is a digital marketing focused customer experience agency with revenues of approximately US$20 million in FY2018. Indigo Slate is expected to add digital marketing expertise in the US market, strengthening and broadening Zensar's US based customer experience and digital transformation capabilities. Digital revenues have been growing at a 30% CAGR for Zensar and contributed to more than 38% of Zensar's fiscal 2018 revenue. The acquisition will expand company's digital offerings providing solutions in user experience interface, creative thinking technology platforms.

Impact of Material Event

ICRA has taken note of the above acquisition which is expected to strengthen company's digital offerings across various service offerings and verticals. The moderate size of the acquisition coupled with deferred nature of pay-outs is unlikely to have a material impact on the capital structure and coverage indicators. The company is expected to generate healthy level of accruals from its ongoing operations coupled with surplus cash and liquid investments, provides ample liquidity and support to the financial profile. ICRA has an outstanding rating of [ICRA] AA+ (stable) (pronounced ICRA double A plus) and [ICRA]A1+ (pronounced ICRA A one plus) for the Rs. 140 crore long/short-term fund-based bank facilities of Zensar Technologies Limited.

The previous detailed rating rationale is available on the following link: Click here

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

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