

Kellton Tech Solutions Limited

April 09, 2019

Summary of rating action:

| Instrument | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|--------------------------------------|-------------------------------------|---|
| Fund-based - Working Capital Facilities | 24.00 | 24.00 | [ICRA]A- (Negative); Reaffirmed |
| Short-Term Non-fund-based Facilities | 20.00 | 20.00 | [ICRA]A2+; Reaffirmed |
| Unallocated Limits | 106.00 | 106.00 | [ICRA]A- (Negative)/[ICRA]A2+; Reaffirmed |
| Total | 150.00 | 150.00 | |

Material Event

On April 01, 2019, Kellton Tech Solutions Limited (KTSL) has acquired Tivix Inc. and sold its staffing business Supremesoft Global Inc. The acquisition is in line with the company's strategy to grow both inorganically and organically.

Impact of the Material Event

ICRA has taken note of the acquisition by KTSL and reaffirmed the long-term rating of [ICRA]A- (Negative) on the Rs. 24 crore fund based bank facilities of the company and short-term rating of [ICRA]A2+ on the Rs. 20 crores non-fund based bank facilities of the company. ICRA has also reaffirmed the long-term rating of [ICRA]A- (Negative) and a short-term rating of [ICRA]A2+ to the Rs. 106.00 crore unallocated limits of KTSL. ICRA notes that with this acquisition, the company is expected to benefit through Tivix's presence as a resource center for software development in Europe. The acquisition consideration for Tivix is also being funded mainly from the sale proceeds of one of its business - Supremesoft Global Inc. which has been yielding relatively lower margin. The rating also factors the higher working capital requirements for the company as evident from the consistently high limits utilisation. ICRA thus believes that timely enhancement of working capital facilities remains crucial for the company's overall liquidity position, going forward, given the expected increase in its scale of operations.

The previous detailed rating rationale is available on the following link: [Click here](#)

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