



Press Release

Zen Technologies Limited

February 16, 2021

Ratings

Facilities	Amount (INR crore)	Current Ratings	Rating Action
Long Term Facility – Fund Based – Term Loan	10.26	IVR BB+ ISSUER NOT COOPERATING* (IVR Double B Plus ISSUER NOT COOPERATING)	Revised and moved to ISSUER NOT COOPERATING
Long Term Bank Facilities – Fund Based – Cash Credit	30.00	IVR BB+ ISSUER NOT COOPERATING* (IVR Double B Plus ISSUER NOT COOPERATING)	Revised and moved to ISSUER NOT COOPERATING
Long Term/Short Term Facility – Non Fund Based – Bank Guarantee	72.00	IVR BB+; IVR A4+ ISSUER NOT COOPERATING* (IVR Double B Plus ISSUER NOT COOPERATING; IVR A Four Plus ISSUER NOT COOPERATING)	Revised and moved to ISSUER NOT COOPERATING
Short Term Bank Facilities – Non Fund Based – Letter of Credit	15.00	IVR A4+ ISSUER NOT COOPERATING* (IVR A Four Plus ISSUER NOT COOPERATING)	Revised and moved to ISSUER NOT COOPERATING
Total	127.26		

**Issuer not cooperating, based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating revision to the bank facilities of Zen Technologies Limited reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the rating revision.



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Note on non-cooperation

The company has not submitted the relevant information and has failed to pay the annual surveillance fee which is construed as 'Non Cooperation' from the client according to the Statement of Operations laid down by Infomerics, accordingly the ratings are being moved into 'ISSUER NOT COOPERATING' category. In the absence of the relevant information to undertake a surveillance exercise and in consonance with SEBI guidelines, Infomerics has revised the long term and short term rating for the bank loan facilities of Zen Technologies Limited aggregating to INR127.26 crore to the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BB+ ISSUER NOT COOPERATING (pronounced IVR Double B Plus ISSUER NOT COOPERATING) and IVR A4+ ISSUER NOT COOPERATING (pronounced IVR A Four Plus ISSUER NOT COOPERATING).

Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by Clients

About the Company

Incorporated in 1993, Zen Technologies Limited designs, develops and manufactures combat training simulator/solutions for the training of defence and security forces. Zen Technologies is headquartered in Hyderabad, India with offices in India and USA. Zen Technologies Limited is an ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), ISO/IEC 27001:2013 (ISMS) and CMMI Maturity Level 5 company.

Zen Technologies is publicly listed on Bombay Stock Exchange and the National Stock exchange.



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Financials*

(INR crore)

For the year ended / As on	31-03-18	31-03-19	31-03-20
	Audited	Audited	Audited
Total Operating Income	38.96	92.22	146.98
EBITDA	-1.86	22.55	63.48
PAT	-0.39	19.24	60.51
Total Debt	10.10	41.80	0.88
Tangible Net worth	115.89	132.79	178.40
Ratios			
a. EBIDTA Margin (in %)	-4.77	24.45	43.19
b. PAT Margin (in %)	-0.90	20.18	40.61
c. Overall Gearing ratio (x)	0.09	0.31	0.00

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: None



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Type	Current Rating (Year 2020-21)		Rating History for the past 3 years		
			Amount outstanding (INR crore)	Assigned Rating	Date(s) & Rating(s) assigned in 19-20 (December 10, 2019)	Date(s) & Rating(s) assigned in 18-19	Date(s) & Rating(s) assigned in 17-18
1.	Long Term Facility – Fund Based – Term Loan	Long Term	10.26	IVR BB+ ISSUER NOT COOPERATING	IVR BBB+/Stable Outlook	-	-
2.	Long Term Bank Facilities – Fund Based – Cash Credit	Long Term	30.00	IVR BB+ ISSUER NOT COOPERATING	IVR BBB+/Stable Outlook	-	-
3.	Long Term/Short Term Facility – Non Fund Based – Bank Guarantee	Long/Short Term	72.00	IVR BB+; IVR A4+ ISSUER NOT COOPERATING	IVR BBB+/Stable Outlook	-	-
4.	Short Term Bank Facilities – Non Fund Based - Letter of Credit	Short Term	15.00	IVR A4+ ISSUER NOT COOPERATING	IVR A2		

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Facility – Fund Based – Term Loan	--	--	March 2022	10.26	IVR BB+ ISSUER NOT COOPERATING
Long Term Bank Facilities – Fund Based – Cash Credit	--	--	--	30.00	IVR BB+ ISSUER NOT COOPERATING
Long Term/Short Term Facility – Non Fund Based – Bank Guarantee	--	--	--	72.00	IVR BB+; IVR A4+ ISSUER NOT COOPERATING
Short Term Bank Facilities – Non Fund Based - Letter of Credit	--	--	--	15.00	IVR A4+ ISSUER NOT COOPERATING

Annexure 2: facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-ZTL-1-feb-21-.pdf>