

Zen Exim Private Limited

September 10, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|------------------|-----------------------------|---------------|
| Long Term / Short Term Bank Facilities | 63.00 | CARE BB+; Stable / CARE A4+ | Reaffirmed |
| Long Term Bank Facilities | - | - | Withdrawn |
| Short Term Bank Facilities | - | - | Withdrawn |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Zen Exim Private Limited (ZEPL) continues to remain constrained owing to moderate profitability in FY25 (Provisional; period refers from April 01 to March 31), moderate capital structure and debt coverage indicators, and stretched liquidity. Ratings consider intensive working capital nature of its operations, foreign exchange rate fluctuation risk, and presence in the highly competitive IT networking equipment industry. However, ratings continue to derive strength from experienced promoters with group's presence in diversified businesses, established relationship with principal suppliers, diversified customer profile, and growth in scale of operations.

Further, CARE Ratings Limited (CareEdge Ratings) has withdrawn the outstanding ratings assigned to facilities of ZEPL availed from Axis Bank Limited as the entity has repaid the aforementioned facilities in full and there is no amount outstanding under the facility as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustaining the current scale of operations marked by total operating income (TOI) above ₹300 crore and improving profit after tax (PAT) margin of 2% or higher on a sustained basis.
- Improving capital structure marked by overall gearing below 1.25x and interest coverage above 2.5x.

Negative factors

- Decline in TOI to below ₹150 crore or net losses.
- Deterioration in capital structure marked by overall gearing above 2.25x and interest coverage of 1.25x or lower.
- Elongation in operating cycle to above 120 days.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that ZEPL is likely to maintain its scale of operations, however, capital structure and debt coverage indicators are key rating monitorable.

Detailed description of key rating drivers:

Key weaknesses

Moderate profitability despite increase in scale of operations

Scale of operations marked by TOI increased to ₹394.66 crore in FY25 against ₹321.01 crore in FY24 owing to higher sales of in-house "Quantum network" product. Till August 29, 2025, ZEPL achieved ~Rs.121 crore of TOI. Profitability marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin remained moderate at 7.61% in FY25 against 5.83% in FY24. Sale of in-house Quantum networks product increased from Rs.18.71 crore in FY24 to Rs.75.66 crore in FY25 resulting in higher operating margin in FY25. However, with higher finance charges and depreciation, PAT remained moderate at Rs.3.59 crore in FY25 against Rs.0.59 crore in FY24. Margins are expected to improve going forward considering higher contribution of in-house product.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Moderate capital structure and debt coverage indicators

ZEPL's capital structure remained moderate marked by overall gearing at 1.65x as on March 31, 2025, and March 31, 2024. Debt remained higher owing to term debt availed for development of in-house product. Rs.36.28 crore of Unsecured loan has been treated as quasi equity. Debt coverage indicators marked by interest coverage ratio remained moderate at 1.57x in FY25 against 1.31x in FY24. Also, total debt to gross cash accruals (TD/GCA) remained moderate at 11.74x as on March 31, 2025, albeit improved from 22.65x as on March 31, 2024, considering improved GCA levels.

Working capital intensive operations

Because ZEPL operates as a distributor, the working capital cycle remains elevated. In FY25, it stood at 93 days compared to 88 days in FY24 considering lower creditors days. Creditor's days have shown a declining trend from FY20 and stood at 38 days in FY25 (FY24: 70 days). ZEPL maintains high inventory levels to cater to immediate customer demand and lead time required in importing goods. ZEPL provides credit periods to its customers ranging from 75 to 120 days.

Highly competitive industry and foreign exchange fluctuation risk

Intense competition due to large players operating in the information technology (IT) and IT-enabled services (ITES) industry will continue to constrain revenue and pricing flexibility. Susceptibility to risks inherent in tender-based business and high price competitiveness should keep the margins under pressure. The fragmented nature of the industry and inherent technological obsolescence risk pose a threat to the company. Moreover, ZEPL procures materials and services from the United States, Singapore, Israel, Taiwan, and China, which is exposed to fluctuations in foreign currency. A weakening rupee will adversely impact on the company's profitability. The company has in place forward contracts for the majority of its obligations that mitigate risk to a certain extent. It reported forex gain of ₹0.85 crore in FY25 compared to forex gain of ₹1.02 crore in FY24.

Key strengths**Experienced promoters with group's presence in diversified businesses**

ZEPL has been promoted by the Majithia family based out of Ahmedabad, which has entrepreneurial experience of over two decades in the diversified business verticals. Mukesh Majithia, with over a decade of experience in IT field, looks after marketing and sales of the company. Jay Majithia and Nikhil Majithia oversee overall administration and acts as advisors in the company. Apart from the promoters, ZEPL has experienced professionals to lead designated functions. ZEPL is a part of the Zen group of Ahmedabad, which has presence in businesses such as IT infrastructure solutions, film production, hospitality, stationery, ayurveda, and tobacco.

Established relationship with principal suppliers and diversified customer profile

ZEPL has maintained long-term relationships with its key suppliers. The company has partnered with well-renowned original equipment manufacturers (OEMs) such as F5 Inc. As the industry is tender driven, there is lower risk of customer concentration and reduced likelihood to get repeat orders from same customers in short time span. ZEPL's customers operate in diversified business sectors across both government and private sector.

Liquidity: Stretched

ZEPL's liquidity remained stretched, marked by elongated operating cycle, high utilisation of working capital limits and low cash and bank balance. Utilisation of working capital limits remained at ~85-90% in the past 12 months ended July 2025. The operating cycle elongated to 93 days in FY25 against 88 days in FY24. Cash and bank balance stood at ₹0.06 crore as on March 31, 2025. Current ratio and quick ratio stood at 1.39x and 0.96x, respectively, as on March 31, 2025 (1.24x and 0.85x as on March 31, 2024). However, GCA remained sufficient at ₹11.19 crore in FY25 as against repayment obligation of ₹2.84 crore in FY26.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|------------------------|---------------|---------------------------------|
| Information Technology | Information Technology | IT - Hardware | Computers Hardware & Equipments |

Incorporated in 2002, ZEPL is one of the leading companies of the Zen group based out of Ahmedabad. The group has been promoted by Rashmin Majithia, Mukesh Majithia, Jay Majithia, and Nikhil Majithia. ZEPL is a distributor in providing end-to-end IT infrastructure solutions, including switching, data centre security, gateway, and cloud solutions. ZEPL has more than 4000+ registered channel partners across India and Southeast Asia. ZEPL has sales office network at Ahmedabad, Mumbai, Delhi, Chennai, Udaipur, Hyderabad, Bangalore, and Chandigarh.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (UA) |
|----------------------------|--------------------|---------------------|
| Total operating income | 321.01 | 394.66 |
| PBILDT | 18.73 | 30.04 |
| PAT | 0.59 | 3.59 |
| Overall gearing (times) | 1.65 | 1.65 |
| Interest coverage (times) | 1.31 | 1.57 |

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Working capital Term Loan | | - | - | 30-11-2026 | 0.00 | Withdrawn |
| Fund-based - ST-Standby Line of Credit | | - | - | - | 0.00 | Withdrawn |
| LT/ST Fund-based/Non-fund-based-PSF/CC/LC/BG | | - | - | - | 63.00 | CARE BB+; Stable / CARE A4+ |

Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|---|-----------------|------------------------------|-----------------------------|---|--|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Fund-based - ST- Standby Line of Credit | ST | - | - | - | 1)CARE A4+ (29-Aug-24) 2)CARE A4+ (08-Aug-24) | 1)CARE A3 (06-Jul-23) | 1)CARE A3 (28-Jun-22) |
| 2 | Fund-based - LT- Working capital Term Loan | LT | - | - | - | 1)CARE BB+; Stable (29-Aug-24) 2)CARE BB+; Stable (08-Aug-24) | 1)CARE BBB-; Stable (06-Jul-23) | 1)CARE BBB-; Stable (28-Jun-22) |
| 3 | LT/ST Fund-based/Non-fund-based- PSF/CC/LC/BG | LT/ST | 63.00 | CARE BB+; Stable / CARE A4+ | - | 1)CARE BB+; Stable / CARE A4+ (29-Aug-24) 2)CARE BB+; Stable / CARE A4+ (08-Aug-24) | 1)CARE BBB-; Stable / CARE A3 (06-Jul-23) | 1)CARE BBB-; Stable / CARE A3 (28-Jun-22) |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Fund-based - LT-Working capital Term Loan | Simple |
| 2 | Fund-based - ST-Standby Line of Credit | Simple |
| 3 | LT/ST Fund-based/Non-fund-based-PSF/CC/LC/BG | Simple |

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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