

Rating Rationale

ABS India Private Limited

20 September 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 15.00 crs of ABS India Private Limited.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous (August 2016)	Present
Fund Based					
Overdraft	5.00	1.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable (Reaffirmed)
Working Capital Demand loan <i>(Sub-limit of OD)</i>	(4.00)	(0.80)			
Non Fund Based					
Bank Guarantee	15.00	14.00	Short Term	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three) (Reaffirmed)
BG –II : Foreign currency <i>(Sub limit of BG)</i>	(5.00)	(5.00)			
BG –III : Open Ended <i>(Sub limit of BG)</i>	(2.00)	(2.00)			
LC (ILC/FLC) <i>(Sub limit of BG)</i>	(5.00)	(5.00)			
Buyer's Credit – I <i>(Sub limit of OD)</i>	(5.00)	(1.00)	Short Term	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three) (Reaffirmed)
Buyer's Credit – II <i>(Sub limit of BG)</i>	(5.00)	(5.00)			
Total	20.00	Rs. 15.00 Crores (Rupees Fifteen Crores Only)			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed



Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company up to FY16, Provisional financials of FY 17, publicly available information and information/clarifications provided by the management.

The ratings continue to draw strength from the extensive experience of the promoters in the telecommunication segment, track record of project execution, strategic alliances with OEMs such as Alcatel-Lucent, Brovis, Cisco etc., and satisfactory sales and profitability numbers. However, the ratings are constrained by the modest scale of operations, and higher receivables levels, due to increasing dependence on government/Public Sector clients.

The ability of the company to increase revenues, diversify customer base and improve receivables level would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **ABS India Private Limited.**'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Company Background

ABS India Private Limited ('ABS'), was incorporated on December 1, 1995 as Alcatel Business Systems India Pvt Ltd, to carry on the distribution and marketing of telecommunication equipment, using the technical know-how supplied by Alcatel-Lucent, France ('A-Lu'). During the year 1999, the Company became a 100 per cent subsidiary of A-Lu. Subsequently, the company's share-holding has undergone many changes, and currently ABS is held by two shareholders, viz., Mr. Sunil Arora and Mr. Parswanath. P. Jain. The Company has a branch in Singapore. The branch effectively commenced distribution and marketing of telecommunication equipment from April, 2006. A majority of the Company's sales and purchases (imports) are routed through this branch in order to effectively manage currency risks.

Mr. Sunil Arora is the Director and CEO of the company, has over a 3 decades of experience and he is looking into sales, marketing and support functions. Mr. Parswanath P Jain is the director- finance, has over a 3 decades of experience in corporate finance, accounts, taxation, legal, supply chain management and HR functions.

Key Risk drivers:

- **Satisfactory Sales and Profitability:** The company's revenues has increased to Rs. 70.74 Cr in FY 17(Prov) from Rs. 65.05 crs in FY 16. PAT margin is at 8.77%. The company is currently having orders on hand worth Rs. 17.89 crs
- **Moderate Tangible Net worth:** The net worth stood at Rs. 15.43 crs as on FY 17(Prov.) which was increased from Rs. 9.18 crs in FY 16 on account of retention of profit.
- **High Receivables level:** The company has high receivables level in the range of 4 – 6 months, which stretches working capital needs. This is mainly due to increasing dependence on

government Public Sector clients. There is a need to negotiate quicker payment terms, and overall improve collections.

Financial Performance

ABS reported total operating income of Rs.65.05 Crs and PAT of Rs. 4.23 Crs in FY 16 as against total operating income of Rs.55.02 crs and PAT of Rs. 4.44 Crs in FY15. The Net worth was at Rs.9.18 crs as on 31st March 2016. On a provisional basis, the company has reported sales of 70.74 crs, PAT of Rs. 6.20 crs and Net worth stood at Rs. 15.43 crs as on 31st March 2017.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	17 August 2016*	02 September 2015	20 August 2014
1).	Overdraft	Long term	1.00	BWR BBB- Outlook: Stable (Reaffirmed)	BWR BBB- Outlook: Stable (Downgrade)	BWR BBB Outlook: Stable (Reaffirmed)	BWR BBB Outlook: Stable (Reaffirmed)
2).	Working Capital Demand loan (Sub-limit of OD)		(0.80)				
3).	Bank Guarantee		14.00				
4).	BG –II : Foreign currency (Sub limit of BG)		(5.00)				
5).	BG –III : Open Ended (Sub limit of BG)		(2.00)				
6).	LC (ILC/FLC) (Sub limit of BG)	Short Term	(5.00)	BWR A3 (Reaffirmed)	BWR A3 (Reaffirmed)	BWR A3 (Reaffirmed)	BWR A3 (Reaffirmed)
7).	Buyer's Credit – I (Sub limit of OD)		(1.00)				
8).	Buyer's Credit – II (Sub limit of BG)		(5.00)				
	Total		Rs. 15.00 Crores (Rupees Fifteen Crores Only)				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [Short Term Debt](#)

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Annexure I Key Financial Indicators

Particulars	Unit	FY 16 (Audited)	FY 17 (Provisional)
Net Sales	Rs. Crores	65.05	70.74
EBITDA	Rs. Crores	5.72	7.46
PAT	Rs. Crores	4.23	6.20
Tangible Net worth	Rs. Crores	9.18	15.43
Total Debt	Rs. Crores	2.62	-
Total Debt : Equity	Times	0.29	-
Current Ratio	Times	0.98	1.42



For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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