Brickwork Ratings
for Informed Investment Decisions

Rating Rationale

Brickwork Ratings revises the ratings to 'BWR BBB-' & Reaffirms 'BWR A3' for the Bank Loan facilities aggregating ₹ 20.00 Cr of ABS India Private Limited

Brickwork Ratings (BWR) has revised the following **Ratings**[1] for the Bank Loan Facilities of Rs.20.00 Cr of **ABS India Private Limited** ("ABS" or "the Company"):

Facility	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating Date : March 2015	Review Rating[1]
Fund Based					
Over Draft	5.00	**5.00**	**Long Term**	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	**BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable**
Working Capital Demand loan *(Sub-limit of OD)*	(4.00)	**(4.00)**			
Non-Fund Based					
Bank Guarantee	20.00	**15.00**	**Short Term**	BWR A3 (Pronounced as BWR A Three)	**BWR A3 (Pronounced as BWR A Three)**
BG –II : Foreign currency *(Sub limit of BG)*	(5.00)	**(5.00)**			
BG –III :Open Ended *(Sub limit of BG)*	(2.00)	**(2.00)**			
LC (ILC/FLC) *(Sub limit of BG)*	(5.00)	**(5.00)**			
Buyer's Credit – I *(Sub limit of BG)*	(5.00)	**(5.00)**			
Buyer's Credit – II *(Sub limit of OD)*	(5.00)	**(5.00)**			
Total	25.00	**20.00**	**INR Twenty Crores Only**		

BWR has essentially relied upon the audited financial results of the company up to FY15, provisional financials of FY16, projected financials of FY17, publicly available information and information/clarifications provided by the management.

The rating draws 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 healthy order book position. 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 revision in rating is based on decrease in Net worth in FY16.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

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.

Financial Performance:

As per audited financials for FY 15, the total operating income has increased to Rs. 55.02 Cr from Rs. 51.26 Cr in FY14. The company has reported PAT of Rs. 4.40 Cr in FY 15. The tangible net worth stood at Rs. 25.49 Cr as on March 31, 2015. The company enjoys fund and non-fund facilities from Kotak Mahindra Bank. Total Debt :Equity ratio was low at 0.16 times as on 31 March 2015.

As per the unaudited financials, for FY 16, the company's revenue from operations has increased to Rs. 65.45 Cr. It has reported PAT of Rs. 5.76 and TNW has come down to Rs. 10.79 Cr, due to payment of dividend amounting to Rs. 17 Cr.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of the company to increase revenue and its scale of operations, diversify customer base and improve its receivables level would be the key rating sensitivities.

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