

Press Release

Brickwork Ratings assigns 'BWR BBB' & 'BWR A3' for the proposed Bank Credit Facilities aggregating ₹ 30 Cr of ABS India Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the proposed Bank Loan Facilities of ₹ 30.00 Crores of ABS India Pvt. Ltd.

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based			
OD	5.00	Long Term	BWR BBB (BWR Triple B) (Outlook: Stable)
Non-Fund Based			
Bank Guarantee	25.00	Short Term	BWR A3 (BWR A Three)
Total	30.00	INR Thirty Crores only	

BWR has principally relied upon the audited financial results of ABS India Pvt Ltd up to FY12, provisional financials for FY13, projected financials for FY14, FY15 & FY16, information and clarification provided by the Company management.

The rating, inter alia, factors the experience of the promoters in the telecommunication segment, an impressive list of clientele, a good order book position and the strategic alliances with leading OEMs such as Alcatel-Lucent, Brovis, Cisco etc. The Company is insulated from foreign exchange risks due to the billing for imported components being made, and payments received in, in US Dollars. However, the rating is constrained by the increasing dependence of the Company on government clients which generally puts a strain on receiving orders & payments high days of receivable and payable. The performance of the Company over the last two years, mainly due to transition in management, is also a cause for concern. However, the present management appears to have taken the difficulties in its stride and has initiated steps to improve operational efficiency.

ABS is a telecommunication systems integrator providing customized enterprise communication solutions to Large, Medium, Small and multi-location businesses.

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').

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

Subsequent to A-Lu's global restructuring initiatives during the years 2001 and 2002, A-Lu entered into an arrangement on March 7, 2002 to sell its entire shareholding in ABS to PSP Business Systems Private Limited ('PSP' or 'the holding Company'), a Company incorporated in India by 3 key management personnel of ABS namely Parswanath Jain, Sunil Arora and V. Pradeep and subsequently the name of Alcatel Business Systems India Pvt Ltd was changed to ABS India Pvt Ltd. As a part of this change, ABS entered into a 'Premier Business Partner' agreement with A-Lu, which provides distributorship rights to sell A-Lu products in the South Asian territory, excluding Pakistan. Upon exit of Mr V. Pradeep from PSP in Sep 2011, PSP was merged with ABS on April 1, 2012 and presently ABS is held by two shareholders namely Mr. Sunil Arora and Mr. Parswanath. P. Jain. This merger has resulted in rationalization of the equity structure of the Company.

A majority of the Company's sales and purchases (imports) are routed through its branch in Singapore in order to nullify the effects of currency movement.

The Company's net revenue from operations decreased to ₹ 59.59 Crores in FY12 from ₹ 68.58 Crores in FY11. The net revenue from operations has further declined to ₹ 55.50 Crores in FY13 as per provisional financial information provided by the management. As on 31st March 2012, the Company's tangible net-worth was ₹ 43.73 Crores. However, consequent to the Company's reorganization in FY13 and the consequent rationalization of equity the Company's tangible net-worth has been brought down to ₹ 19.48 Crores as on 31st March 2013.

Going forward, the Company's ability to stabilize the operations and register consistent growth in turnover with an increase in profitability margins and prudent management of its working capital will be the key rating sensitivities. The outlook is expected to be stable over the year.

analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.