



## Rating Rationale

Arraycom (India) Limited

21<sup>st</sup> March 2017

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs. 25.00 crores (INR Twenty Five Crores) of Arraycom (India) Limited**

### Particulars

Facilities (Rs In Crs)	Previous Limit	Present Limit	Tenure	Previous Ratings (March-2016)	Present Ratings <sup>^</sup> (Revised)
<b>Fund Based</b>	<b>17.00</b>	<b>7.00</b>	Long Term	BWR BBB- (Pronounced as Triple B Minus) (Outlook:Stable)	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook:Stable)
Cash Credit	7.00	7.00			
Dropline OD	10.00	0.00			
<b>Non Fund Based</b>	<b>35.00</b>	<b>18.00</b>	Short Term	BWR A3 (Pronounced as A Three)	BWR 4 (Pronounced as BWR A Four)
Letter of Credit	25.00	8.00			
Bank Guarantee	10.00	10.00			
<b>Total (FB + NFB)</b>	<b>52.00</b>	<b>25.00</b>	<b>INR Twenty Five Crores Only/-</b>		

<sup>^</sup> Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Downgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, projected financials up to FY18 of Arraycom (India) Ltd, publicly available information and information/clarifications provided by the company.

The rating downgrade factors substantial decline in revenue as well as profitability due to substantial delay in tendering process by the customers.

The rating also factors, inter alia, the experience of the promoters and established track record of the company in System Integration business, diversified business segment, especially considering the potential in the new business of Solar Power Generation taken up by the Company, low financial leverage and timely servicing of bank finance. However, the rating is constrained by delays in getting order from government and non-achievement of expected revenue despite lower projection in FY 16.

The ability of the company to achieve the projected revenue, getting order for System Integration business, increase its profit margins and diversify its customer base will be the key rating sensitivities.



### **Rating Outlook: Stable**

BWR believes the **Arraycom (India) Limited** 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' based on orders from the system Integration & solar power business due to which revenues and profit is likely to ensure sustained improvement in the performance of the Company. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Arraycom (India) Ltd (AIL), an ISO 9001:2008 company is a closely held public limited company incorporated in the year 1992 having registered office and factory at Plot No. B-13, 13/1 & 14, GIDC Electronics Estate, Gandhinagar, Gujarat. AIL is engaged in the business of manufacturing electronics material and system engineering & integration in the fields of satellite communication, broadcasting, seismology etc. The company has completed turnkey basis installation of many earth stations, television transmitters, antennas for satellite interception and digital transmission facility for various government departments and public sector enterprises. The company has forayed into E- Learning business and plans to gradually ramp up the business in next two-three years. The company has two branch offices at New Delhi & Mumbai. Arraycom has three major divisions : System Integration Division, Thick Film Materials Division and E-Path (e-Learning) Division.

AIL's Board of Directors consists of Ms. Gorsii A. Parekh, Chairperson & Managing Director having 18 years of industry experience, Ms. Kalawati J. Parekh, Director having 29 years of industry experience, Mr. Bipin C. Vasavada, Director having 39 years of experience in the field of electronic as academician & consultant, Mr. R.N. Patel who is a practising Chartered Accountant for 31 years and Mr. Varun A. Parekh having overseas exposure in the technology field.

### **Company Financial Performance**

During FY 16, the net revenue from operations declined substantially to Rs 12.39 Crores from Rs. 58.05 Crores in FY 15. Net profit margin also declined to Rs 0.44 Crores during FY 16 against 1.35 Crores in FY 15. Tangible net worth was Rs. 30.74 Crores in as on 31<sup>st</sup> March 2016.



### Rating History for the last three years

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	6 <sup>th</sup> Mar 2016	6 <sup>th</sup> Jan 2015	30 <sup>th</sup> Dec 2014
1	Fund Based	Long Term	7.00	BB+ (Stable)	BBB- (Stable)	BBB- (Stable)	BBB- (Stable)
2	Non Fund Based	Short Term	18.00	A4	A3	A3	A3

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

Analytical Contacts	Media
<a href="#">Bal Krishna Piparaiya</a> <a href="#">CG M Ratings</a>  <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>  <b>Relationship Contact</b> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

#### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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**

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.