

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Telexcell Information System Limited.

Brickwork Ratings assigns following rating¹ for the Bank Loan Facilities of **Telexcell Information System Limited. (The Company):** -

Facilities	Sanctioned Limits (In Crs)	Current Rated Amount (IN Crs)	Tenure	Rating proposed
Fund Based				
Cash Credit	11.00	15.00*	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook : Stable
WCDL Sub Limit of CC	(11.00)	(11.00)		
Non Fund Based				
LC	10.00	15.00*	Short Term	BWR A4+ (Pronounced as BWR Single A Four Plus)
BG sub Limit of LC	(10.00)	(10.00)		
BC Sub Limit of LC	(10.00)	(10.00)		
Amount to be rated		30.00	INR. Thirty Crores Only	

* Including proposed CC of INR4.00Cr and LC of INR5.00 Cr

¹ Please refer to BWR website www.brickworkratings.com for definition of the rating assigned.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of **Telexcell Information System Limited** up to FY16, provisionals for FY17 and projections of FY18 and FY19, publicly available information and information provided by the company.

The ratings draws comfort from promoters' experience of more than 2 decades in wireless telecom service industry, growth in top line and bottom line from last 3 years, established relations with customers which are mostly government companies and adequate liquidity.

The rating is, however, constrained on account of its moderate scale of operations in such a highly competitive industry which is primarily dominated by large organized players, high gearing on account of low net worth , weak debt-protection metrics and low profitability margins.

Going forward increase in the scale of operations , improvement in profitability margins, and timely servicing debt obligations would be the key rating sensitivities.

Key Rating Strengths

1. **Promoter's experience:** The partners have a extensive experience of more than 2 decades in the telecom equipment installation industry. Over this period they have established a strong market position for the company. This will also help to scale up operations over the medium term.
2. **Ease in liquidity:** The company has been able to maintain current ratio above 1.25 consistently for the last 3 years.

Key Rating Weaknesses

1. **Small Scale of operations:** The company has small scale of operations in the industry it currently operates in. Presence of large organized players who can operate on lower margins pose a major risk.
2. **Weak debt-protection metrics and high leverage ratio:** The company's business is working capital intensive. Though the promoters have infused fresh capital from time to time yet the leverage is high at 3.66X at 31.03.2017 . ISCR and DSCR are weak at 1.52X and 1.20X respectively as on 31-03-2017.
3. **Low Profitability Margins:** Due to intense competition the OPM and NPM are low at 4.14% and 0.93% respectively.

Rating Outlook: Stable

BWR believes the **Telexcell Information System 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.

About the Company

Established in the year 1993 TelExcell Information System Limited is based out of Delhi and branch offices at Mumbai, Hyderabad, Ahmedabad, Chennai and Bengaluru. Is an End-to-End Networks & Communication Management Solution Provider. The company is engaged in developing broadband wireless equipment and solutions for network carriers, ISPs, government, and private network operators across globe. The company also specializes in varied range of managed services – network operation, maintenance and system integration .

TelExcell has deployed more than 100,000 RF Microwave link and Base Stations all over India, South East Asia, Middle East, Africa, and Europe.

The Directors of the company are Mr.Mahander Kumar Lalwani and Mr.Tarun Lalwani.

Company Financial Performance.

Particulars	Units	FY2016	FY2017
		(Audited)	(Provisional)
Net Sales/Revenues	Times	119.22	136.09
EBIDTA	Crores	4.55	5.64
PAT	Crores	1.02	1.27
Tangible Networth	Crores	15.01	17.9
TOL : TNW	Times	3.48	3.66
Current Ratio	Times	1.32	1.26

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

Sl. No.	Instrument/Facility Type	Current Rating (Year 2017)		Rating History		
		Tenure	Amount (Rs Crs)	2016	2015	2014
1	Cash Credit	Long Term	15.00*	NA	NA	NA
2	Letter of Credit	Short Term	15.00*			
Total Rated Limits			30.00	(Rs. Thirty crores only)		

**Including proposed CC of INR4.00Cr and LC of INR5.00 Cr*

Status of non-cooperation with previous CRA (if applicable) –NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- | | | | |
|---|--|---|---------------------------------|
| 2 | General Criteria | 5 | Short Term Debt |
| 3 | Approach to Financial Ratios | | |
| 4 | Service Providers | | |

For any other criteria obtain hyperlinks from website

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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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