

## Rating Report

**Brickwork Ratings reaffirms the rating for Bank Loan facilities amounting to ₹52.00 Cr (enhanced from ₹40.76 Cr) of Arraycom (India) Ltd to “BWR BBB-” & “BWR A3”**

Brickwork Ratings (BWR) has reaffirmed the **Ratings<sup>1</sup>** for the Bank Loan Facilities of **Arraycom (India) Ltd** as follows:

Bank	Facility	Previous Limits Rs. Crores	Present Limits Rs. Crores	Tenure	Previous Rating (06.01.15)	Present Rating
State Bank of India	Term Loan	4.20	0.00	Long Term	<b>BWR BBB-</b> <b>(Outlook:Stable)</b> (Pronounced BWR Triple B Minus	<b>BWR BBB-</b> <b>(Outlook:Stable)</b> (Pronounced BWR Triple B Minus
	Cash Credit	7.00	7.00			
	<b>Dropline OD (Proposed)*</b> <b>Total Fund Based (A)</b>	<b>0.00</b> <b>11.20</b>	<b>10.00</b> <b>17.00</b>			
	LC	21.00	25.00	Short Term	<b>BWR A3</b> (Pronounced BWR A Three	<b>BWR A3</b> (Pronounced BWR A Three
	BG	8.56	10.00			
	<b>Total Non Fund Based (B)</b>	<b>29.56</b>	<b>35.00</b>			
		<b>Total (A+B)</b>	<b>40.76</b>	<b>52.00</b>	<b>INR Fifty Two Crores Only</b>	

BWR has principally relied upon the audited financial results up to FY15, projected financials up to FY18 of **Arraycom (India) Ltd**, publicly available information and information/clarifications provided by the firm.

The rating factors, inter alia, the experience of the promoters and established track record of the company in System Integration business, diversified business segment, and low financial leverage. However, the rating is constrained by expected revenue decline in FY 16, low profit margins and intensely competitive business environment.

### Background:

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.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

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.

### Management Profile:

AIL's Board of Directors consists of Ms. Gorsri 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.

### Financial Highlights:

During FY 15, the net revenue from operations have increased to Rs. 58.05 Crores from Rs. 55.97 Crores in FY 14. Net profit margin has increased to 2.32 % in FY 15 against 2.17 % in FY 14. ISCR has improved to 2.00 times in FY 15 against 1.73 times in FY 14. Current ratio has marginally improved to 1.31 times in FY 15 against 1.20 times in FY 14. Debt to equity ratio is comfortable at 0.72 times as on 31<sup>st</sup> March 2015. Tangible net worth was Rs. 30.34 Crores in FY 15.

### Rating Outlook:

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

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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**Annexure I**  
**Arraycom (India) Ltd**  
**Profit and Loss Account**

<b>Crores</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	6.69	12.69	7.08
Traded Goods Sales	27.72	44.66	51.73
Excise Duty/Sales Tax	0.73	1.38	0.76
<b>Net Sales</b>	<b>33.69</b>	<b>55.97</b>	<b>58.05</b>
Other Operating Income	0.07	0.00	0.00
<b>Total Operating Income</b>	<b>33.75</b>	<b>55.97</b>	<b>58.05</b>
Raw Material Consumed	2.29	2.46	1.92
Change In Inventory (Increase)/Decrease	-1.47	-4.04	5.32
Traded Goods Purchased	23.97	38.96	32.68
Power and Fuel Expenses	0.13	0.16	0.18
Employee Cost	3.21	5.36	4.89
Manufacturing Expenses	0.43	3.93	4.15
<b>Cost of Goods Sold</b>	<b>28.57</b>	<b>46.84</b>	<b>49.14</b>
S, G and Other A expenses	2.67	3.91	4.28
<b>Operating Expenses</b>	<b>31.23</b>	<b>50.75</b>	<b>53.42</b>
<b>OPBDIT</b>	<b>2.52</b>	<b>5.22</b>	<b>4.63</b>
Depreciation/Amortization/Impairment	0.55	0.87	1.04
<b>OPBIT</b>	<b>1.97</b>	<b>4.36</b>	<b>3.59</b>
Interest and Finance Charges	1.54	2.83	2.38
<b>OPBT</b>	<b>0.43</b>	<b>1.52</b>	<b>1.21</b>
Non Operating Income(Expenses)	0.27	0.03	0.47
<b>PBT</b>	<b>0.70</b>	<b>1.56</b>	<b>1.67</b>
Provision for Taxes	0.13	0.34	0.33
<b>PAT(Continuing Operations)</b>	<b>0.58</b>	<b>1.21</b>	<b>1.35</b>
<b>PAT</b>	<b>0.58</b>	<b>1.21</b>	<b>1.35</b>

**Annexure II**  
**Arraycom (India) Ltd**  
**Balance Sheet**

Crores	31/03/13	31/03/14	31/03/15
<b>Liabilities</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>EQUITY AND RESERVES</b>	<b>29.23</b>	<b>30.44</b>	<b>31.79</b>
Share capital	5.00	5.00	5.00
Reserves and Surplus	24.23	25.44	26.79
<b>Non-current liabilities</b>	<b>3.14</b>	<b>0.26</b>	<b>0.40</b>
Long-Term Borrowings	3.04	0.17	0.28
Long-Term Provisions	0.10	0.09	0.12
<b>Current liabilities</b>	<b>28.17</b>	<b>30.35</b>	<b>23.34</b>
Short-Term Borrowings	12.22	18.08	21.21
CPLTD	3.29	4.03	0.38
Trade Payables	10.52	4.19	0.15
Other Current Liabilities	2.10	1.49	1.28
Short-Term Provisions	0.06	2.56	0.33
<b>Total Liabilities</b>	<b>60.54</b>	<b>61.05</b>	<b>55.53</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>24.50</b>	<b>24.65</b>	<b>24.98</b>
Net Fixed assets	22.87	23.72	22.88
Net Intangible assets	0.30	0.27	1.44
Non Current Investments	0.01	0.01	0.01
Long Term Loans and Advances	0.58	0.43	0.48
Other Non Current Assets	0.75	0.21	0.16
<b>Current assets</b>	<b>36.04</b>	<b>36.40</b>	<b>30.55</b>
Inventories	3.17	6.77	1.19
Trade Receivables > Six Months	4.38	4.34	10.03
Trade Receivables < Six Months	24.14	20.72	13.89
Cash and Cash Equivalents	2.06	1.99	2.14
Short-Term Loans and Advances	2.16	2.55	3.24
Other Current Assets	0.13	0.05	0.06
<b>Total Assets</b>	<b>60.54</b>	<b>61.05</b>	<b>55.53</b>

**Annexure III**  
**Arraycom (India) Ltd**  
**Ratio Analysis**

<b>Fields for Calculations</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>
<b>Ratio Analysis</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Total Debt	18.54	22.28	21.86
Total Debt ( Analyzed)	17.73	21.20	19.74
Tangible Net Worth	28.93	30.16	30.34
Tangible Net Worth (Analyzed)	30.01	31.41	32.58
Total Debt/TNW	0.64	0.74	0.72
Total Debt/TNW(Analyzed)	0.59	0.67	0.61
Long Term Debt/TNW	0.10	0.01	0.01
TOL/TNW	1.05	0.97	0.71
ISCR	1.64	1.84	2.00
ISCR(Analyzed)	1.64	1.84	2.00
DSCR	1.09	0.80	0.74
DSCR(Analyzed)	0.85	0.61	0.72
Net Cash Accruals/Total Debt	0.09	0.11	0.10
Net Profit Margin	1.71	2.17	2.32
Operating Profit Margin	7.46	9.33	7.98
ROCE	4.29	8.72	6.86
Current Ratio	1.28	1.20	1.31
Current Ratio(Analyzed)	1.17	1.10	0.97
Days Receivables	289	175	154
Days Inventory	30	39	30
Days Payable	122	65	23
Conversion Cycle	196	149	162
Net Cash Flow from Operating Activities (as reported)	0.00	-1.73	-1.80
Net Cash flow from Investing Activities (as reported)	0.00	-1.70	-1.46
Net Cash Flow from Financing Activities (as reported)	0.00	3.36	3.42