



## Press Release

**Aerial Telecom Solution Private Limited**

**October 14, 2024**

### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities	90.34	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)	-	Assigned	Simple
Short Term Bank Facility	10.00	IVR A3 (IVR A Three)	-	Assigned	Simple
<b>Total</b>	<b>100.34</b>	<b>Rupees One Hundred Crores and Thirty Four lakhs Only</b>			

**Details of Facilities/Instrument are in Annexure 1**

**Facility wise lender details are at Annexure 2**

**Detailed explanation of covenants is at Annexure 3**

### **Detailed Rationale**

Infomerics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BBB- with a Stable outlook and short-term rating of A3 for the bank loan facilities of Aerial Telecom Solution Private Limited (ATSPL).

The rating draws comfort from the qualified and experienced management, growing scale of operations along with improvement in its operating performance, diversified customer profile and geographical presence, comfortable capital structure with healthy debt protection metrics. The ratings, however, remains constrained by working capital intensive nature of operation, risk related to uncertainty involved with the inflow of projects and competition from major players in the industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The outlook is 'Stable' on account of its experienced management, improvement in operating performance and healthy order book position.

IVR has principally relied on the standalone audited financial results of ATSPL upto 31 March 2023 and Provisional financials for FY2024 (Refer period from April 01, 2023 to March 31, 2024) and Projected financials for FY2025 to FY2027, and publicly available information/clarifications provided by the company's management.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Improvement in revenue and profitability leading to improvement in cash accruals on a sustained basis.
- Improvement in capital structure marked by improvement in overall gearing to below 2.50x

#### **Downward Factors**

- Decline in revenue and/or profitability thus impacting the net cash accruals and debt protection metrics on a sustained basis
- Moderation in the capital structure leads to moderation in overall gearing to over 2.75x.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced management and long track record of operations**

Established in 2010, the company is engaged in rendering system integration services to large corporate and Govt. bodies. The company has an experienced management team having considerable expertise in the IT industry. The company is promoted by Mr. Maninder Singh Nanda, having more than three decades of experience in the field of telecom industry and Mr. Sham Kumar, have experience in the operations & project management for almost two decades and looks after overall functions of the company.

##### **Growing scale of operations with moderate profitability**

The Total Operating Income of the company increased by 45.73% to Rs. Rs. 319.93 crore in FY24(P) as against Rs. 219.54 crore in FY23, mainly on account of increase in execution of orders. The profitability of the company stood moderate marked by EBITDA margin which improved by 55 bps and stood at 4.20% in FY24 as compared to 3.65% in FY23 on account of increase in total operating income. Despite increase in EBITDA margins, the PAT margin declined by 23 bps and stood at 2.10% in FY24 as against 2.33% in FY23 mainly on account of increase in interest expenses.



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### **Diversified customer profile and geographic presence:**

The company has its presence mainly in PAN India with projects across regions mitigating the geographic concentration risk since the major chunk of the business of the company is government tender based. The top 5 customers account for around 69% of the sales in FY2024, thus catering to an array of a diversified customer base in the industry.

### **Healthy order book**

The company has a healthy unexecuted order book of INR 244.80 Crore as on August 31, 2024 which is almost 0.76 times of its FY24 revenue. The company is managing 42000+ Tower sites and 41000 Kms of Optical Fibre Cable in various Telecom Circles of India for RJIO, Airtel, BSNL, Vodafone – Idea Extensively engaged in deployment of Network – 4G & 5G sites for all Telecom Operators. In addition to this, they have currently work on order from ITI, Bangalore for Optimization of Network.

### **Adequate capital structure with healthy debt protection metrics**

The capital structure of the company remained thin marked by ATNW of Rs.52.33 crore as on March 31, 2024 as against Rs. 21.04 crore as on March 31, 2023. The overall gearing (including quasi equity) stood at 1.54x as on March 31, 2024 as against 2.40x as on March 31, 2023, improved mainly on account of infusion of Rs. 18.51 crore from the promoters which are considered as quasi equity as per the sanction of the bank. The total indebtedness of the company as reflected by TOL/ATNW improved from 3.56x as on 31-Mar-23 to 2.14x as on 31-Mar-24 due to increase in unsecured loan from the promoters which have treated as quasi equity. The debt protection metrics stood moderate marked by Interest Coverage Ratio of 2.03 times in FY24 (FY23: 2.48x) deteriorated as a result of increase in interest expenses. Total Debt to GCA deteriorated to 10.20 years in FY24 as against 8.73 years in FY23 due to increase in working capital limits.



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### Key Rating Weaknesses

#### **Risk of uncertainty involved with the inflow of number of projects:**

Majority of the company's revenue comes from government projects that are awarded through closed bidding processes. There is always an improbability attached to the number of projects that could come up in any financial year. Further, as government institutions fund the projects, the risks of delays and cost overrunning exist as well.

#### **Competition from major players in the industry, technology obsolescence risk**

Company faces stiff competition from large industry impacting its pricing flexibility; in addition to the ability of the company to acquire new customers also. Company's modest scale of operations restricted its operational and financial flexibility to an extent. Any adverse technological changes would have an adverse impact on the revenues of company.

**Analytical Approach:** For arriving at the ratings, IVR has analysed ATSP's credit profile by considering the standalone financial statements of the company.

#### **Applicable Criteria:**

[Rating Methodology for Service Sector Companies.](#)  
[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)  
[Criteria for assigning Rating outlook.](#)  
[Policy on Default Recognition](#)  
[Complexity Level of Rated Instruments/Facilities](#)

#### **Liquidity – Adequate**

The liquidity profile of ATSP is expected to remain adequate as the company is expected to generate adequate gross cash accruals in the range of Rs.14.57 – 29.66 crore to serve its negligible debt repayment obligations of Rs. 5.30 – 1.52 crore during FY25-FY27. Moreover, resourcefulness of the promoter is also expected to support the liquidity if required. However, the average fund-based utilization of the company remained moderate at ~86.91% during the past 12 months ended in June 2024 indicating limited liquidity cushion for the company.



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### About the Company

Mohali-based **Aerial Telecom Solutions Private Limited** was incorporated in 2010 with registered office located at E-93, Industrial Area, Mohali, Punjab – 160071. The company is engaged in IT consultation and presales, system delivery, implementation & integration, operations & maintenance and customer trainings. The company is serving government as well as corporate clients PAN India. The company has extensive range of operations in several Indian states mainly in Punjab and Uttar Pradesh. The company has 20 regional offices all over India.

### Financials (Standalone):

For the year ended as on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	219.54	319.93
EBITDA	8.00	13.45
PAT	5.14	6.74
Total Debt	50.58	80.74
Tangible Network	21.04	33.82
EBITDA Margin (%)	3.65	4.20
PAT Margin (%)	2.33	2.10
Overall Adjusted Gearing Ratio (x)	2.40x	2.93x
Interest Service Coverage Ratio (x)	2.48x	2.03x

**Status of non-cooperation with previous CRA: Nil**

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based – Term Loan	Long Term	4.34	IVR BBB- / Stable	-	-	-



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Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
				(IVR Triple B Minus with stable Outlook)			
2.	Fund Based – Cash Credit	Long Term	86.00	IVR BBB- / Stable (IVR Triple B Minus with stable Outlook))			
3.	Non - Fund Based – BG	Short Term	10.00	IVR A3 (IVR A Three)			

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit





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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Nov 2024	0.30	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)
Term Loan			March 2027	1.82	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)
Term Loan			Oct 2027	1.40	IVR BBB-/ Stable



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					(IVR Triple B Minus with stable Outlook)
Term Loan			June 2028	0.82	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)
Cash Credit	-	-	Revolving	86.00	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)
BG	-	-	-	10.00	IVR A3 (IVR A Three)

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Aerial-Telecom-14oct24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated securities/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/combined analysis:** Nil

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).