

## Press Release

Telecommunication Consultants India Limited

June 03, 2022



### Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	150.00	ACUITE A+   Stable   Reaffirmed	-
Bank Loan Ratings	1852.00	-	ACUITE A1+   Reaffirmed
Bank Loan Ratings	430.00	-	ACUITE A1+   Assigned
Bank Loan Ratings	75.00	ACUITE A+   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	2507.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A+**' (read as **ACUITE A plus**) on long term facility of Rs. 150 Cr. and assigned long term rating of '**ACUITE A+**' (read as **ACUITE A plus**) to Rs. 75 Cr. long term facility. Further, Acuite has reaffirmed short term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on Rs.1,852 crore of bank facilities and assigned short term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) to Rs. 430 Cr. bank facilities of Telecommunication consultants India Limited (TCIL). The outlook is '**Stable**'.

### About the Company

TCIL, a Delhi based company incorporated in 1978, is wholly owned by the Department of Telecommunications, Government of India. It undertakes turnkey and consultancy projects in India and abroad, primarily in the access network segment. These projects involve ducting and cabling for network rollouts. The company also undertakes other operations including maintenance of telecom networks, civil and architectural projects and provides consultancy for network design and information technology. TCIL has diversified into other activities such as civil construction of buildings and undertakes road projects on a build operate-transfer basis. The company has presence in over 50 countries.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of TCIL to arrive at this rating.

### Key Rating Drivers

#### Strengths

Government of India undertaking

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TCIL is a wholly owned entity of the Government of India. The company is under administrative control of Department of Telecommunications, Ministry of Communications. TCIL is likely to continue to benefit from its experienced management which comprises qualified professionals and nominees of GOI – CMD, Mr. Sanjeev Kumar is a GOI appointee. Acuité believes that TCIL will continue to benefit from its ongoing financial and operational support from government. The continuing ownership and support from GOI will continue to remain a key rating sensitivity factor.

### **Established track record of project execution and long standing relationships with marquee clients**

TCIL, incorporated in 1978 has presence in Oman, Myanmar, Mauritius, Saudi Arabia, and Africa among other countries. It has long standing relations with BSNL, Ministry of Post, Ministry of External Affairs, Myanmar Telecom, Mauritius Telecom to name a few. TCIL had order book position of Rs. 7,035 crore as on 31-Dec-2021. It is expected to benefit from the initiatives of GOI to increase efficiency, effectiveness, accountability and transparency through e-governance. Acuité believes that TCIL as an established player in the telecom related infrastructure segment will benefit from these initiatives.

### **Healthy financial risk profile**

TCIL has a healthy financial risk profile marked by net worth of Rs. 590.50 crore as on 31 March, 2021 (Rs. 558.72 crore as on 31 March, 2020). The gearing improved and stood at 0.06 times as on 31 March, 2021 as against 0.47 times as on 31 March, 2020. The total fund based limit available as on March 31, 2021 stands at Rs. 410 crore of which only Rs.37 crore was utilized as on March 31, 2021. It also has non-fund based limits of Rs. 1797 crore, since the bidding of project in foreign land requires 2% EMD and projects executed by the company requires PBG. The non fund based limits of the company were utilized at an average of 35 per cent. The interest coverage ratio stood at 6.98 times in FY2021 as against 4.58 times in FY2020. The net cash accruals stood at Rs. 64.98 crore in FY2021 (Rs. 38.72 crore in FY2020).

### **Comfortable order book position**

Company has a healthy unexecuted order book position of Rs. 7035.84 crore as on 31-Dec-2021. This provides healthy revenue visibility over near to medium term.

### **Weaknesses**

#### **Working Capital Intensive Operations**

The operations are working capital intensive evident from its gross current assets (GCA) days of 722 in FY2021 as against 657 days in FY2020. This is mainly on account of the nature of the projects executed by the company. The company receives payments on milestone basis (the billings are linked to achievement of certain milestones). The debtor days stood at 437 as on 31 March 2021 and 371 as on 31 March 2020 the stretch in debtors is on account of delay in payment by government institutions as majority of government fund was diverted towards COVID relief. Notwithstanding the high GCA days, the company's dependence on bank limits has been modest, since it has been able to avail extended credit terms from its vendors and sub-contractors.

#### **Susceptibility of operating income due to tender based nature of operations**

The company exhibits fluctuations in its operating income as it is majorly dependent on government tenders for its orders. The tender-based nature of operations makes it vulnerable to order cyclicity. Any slowdown in receipt of orders or delays in execution will impact revenues and affect operating performance.

### **ESG Factors Relevant for Rating**

The telecommunication industry is significantly exposed to risks associated with regulatory compliance, anti-competitive behaviour and business ethics. Furthermore, management & board compensation, board independence & diversity, audit committee role, financial audit & control and shareholders' rights are the key material governance issues for this industry. Among social factors, labour management and employee safety as well as development are prominent. Providing equal opportunity to the employees, developing & supporting the surrounding communities, product quality, human rights and responsible procurement also have a significant impact on the social scores for this industry. On the environmental side,

GHG emissions, energy efficiency, environmental management and water efficiency are the key material issues for this industry.

TCIL has proven record of commitment towards Quality Management, Environmental Management and Occupational Health and Safety. Company further provides opportunity to differently abled employees and special arrangements are in place for their convenience at work. TCIL employee strength as on 31.03.2021 is 848 out of which 112 are female employees; while there is scope of improvement in gender diversity, the company provides equal opportunity to every employee. The company has a Risk Management Committee to identify and mitigate any kind of risk in the organisation. Further the company has well drafted whistle blower policy and internal audit team to monitor the compliance of policies and processes. The company is working towards energy conservation and reduce its carbon footprints; a microprocessor enabled building management system and a solar unit within the TCIL premises are examples of such efforts.

### Rating Sensitivities

Company's ability to grow its revenue significantly and remain profitable

Company's ability to improve its working capital management to a comfortable level

Company's ability to improve its liquidity position

Company's ability to grab more tenders

### Material covenants

None

### Liquidity Position: Adequate

TCIL has adequate liquidity marked by healthy net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs. 64.98 crore against nil debt obligation. The company's operations are working capital intensive as marked by gross current asset (GCA) days of 722 in FY 2021. However, reliance on working capital borrowings has remained low, the cash credit limit in the company remains utilized at ~25 percent during the last 9 month period ended December 2021. The company had cash and cash equivalents of Rs.215.32 crore as on December 31, 2021. The current ratio of the company stands moderate at 1.06 times as on March 31, 2021. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accrual and no major debt repayments over the medium term.

### Outlook: Stable

Acuite believes that TCIL will maintain a stable outlook in the medium term on the back of the support of Government of India, established track record of project execution and relations with reputed clients. The outlook may be revised to 'Positive' in case of significant and sustainable growth in revenue while maintaining operating margins and efficiently managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a sharp decline in net cash accruals and significant elongation of working capital cycle.

### Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	1715.41	1726.73
PAT	Rs. Cr.	52.77	44.44
PAT Margin	(%)	3.08	2.57
Total Debt/Tangible Net Worth	Times	0.06	0.47
PBDIT/Interest	Times	6.98	6.42

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

None

### Any other information

None

### Applicable Criteria

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- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Apr 2021	Bank Guarantee	Short Term	20.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	600.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	300.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	75.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	135.00	ACUITE A1+ (Reaffirmed)
	Secured Overdraft	Long Term	100.00	ACUITE A+   Stable (Reaffirmed)
	Packing Credit	Short Term	150.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	97.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	80.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	45.00	ACUITE A1+ (Reaffirmed)
02 Mar	Bank Guarantee	Short Term	97.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	80.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	300.00	ACUITE A1+ (Reaffirmed)
	Secured Overdraft	Long Term	100.00	ACUITE A+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	75.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	45.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	93.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A1+ (Reaffirmed)

2020	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Packing Credit	Short Term	150.00	ACUITE A1+ (Reaffirmed)
		Short		
06 Feb 2019	Bank Guarantee	Term	20.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A+   Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE A+ (Withdrawn)
	Bank Guarantee	Short Term	20.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A1+ (Reaffirmed)
	Secured Overdraft	Long Term	50.00	ACUITE A+ (Withdrawn)
	Bank Guarantee	Short Term	300.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	75.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Packing Credit	Short Term	150.00	ACUITE A1+ (Assigned)
	Bank Guarantee	Short Term	45.00	ACUITE A1+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	19.02	ACUITE A1+ (Withdrawn)
	Bank Guarantee	Short Term	193.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	97.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Secured Overdraft	Long Term	75.00	ACUITE A+ (Withdrawn)
	Secured Overdraft	Long Term	1.00	ACUITE A+ (Withdrawn)
	Secured Overdraft	Long Term	100.00	ACUITE A+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	7.78	ACUITE A1+ (Withdrawn)
	Bank Guarantee	Short Term	90.00	ACUITE A1+ (Assigned)

		Secured Overdraft	Long Term	5.00	ACUITE A+   Stable (Assigned)
		Bank Guarantee	Short Term	50.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	300.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	40.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
	06 Jun 2018	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	19.02	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	75.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
		Secured Overdraft	Long Term	75.00	ACUITE A+   Stable (Assigned)
		Bank Guarantee	Short Term	37.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	7.78	ACUITE A1+ (Assigned)
		Secured Overdraft	Long Term	50.00	ACUITE A+   Stable (Assigned)
		Secured Overdraft	Long Term	1.00	ACUITE A+   Stable (Assigned)
		Proposed Bank Guarantee	Short Term	293.20	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	97.00	ACUITE A1+ (Assigned)
		Secured Overdraft	Long Term	100.00	ACUITE A+   Stable (Assigned)
	22 Dec	Bank Guarantee	Short Term	37.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	300.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	7.78	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	40.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	19.02	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	50.00	ACUITE A1+ (Assigned)
		Bank Guarantee	Short Term	75.00	ACUITE A1+ (Assigned)



2017	Proposed Bank Guarantee	Short Term	293.20	ACUITE A1+ (Assigned)
	Secured Overdraft	Long Term	100.00	ACUITE A+   Stable (Assigned)
	Secured Overdraft	Long Term	75.00	ACUITE A+   Stable (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE A+   Stable (Assigned)
	Secured Overdraft	Long Term	50.00	ACUITE A+   Stable (Assigned)
	Secured Overdraft	Long	1.00	ACUITE A+   Stable

		Term		(Assigned)
	Bank Guarantee	Short Term	30.00	ACUITE A1+ (Assigned)
	Bank Guarantee	Short Term	90.00	ACUITE A1+ (Assigned)
	Bank Guarantee	Short Term	97.00	ACUITE A1+ (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab and Sind Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A1+   Reaffirmed
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	117.00	ACUITE A1+   Reaffirmed
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	80.00	ACUITE A1+   Assigned
Indian Overseas Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	200.00	ACUITE A1+   Reaffirmed
Yes Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A1+   Reaffirmed
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	600.00	ACUITE A1+   Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	80.00	ACUITE A1+   Reaffirmed
Indian Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	300.00	ACUITE A1+   Reaffirmed
Indusind Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	135.00	ACUITE A1+   Reaffirmed
J&K Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A1+   Reaffirmed
IDBI Bank Ltd.	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A1+   Reaffirmed
IDBI Bank Ltd.	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A1+   Assigned
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A+   Stable   Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A+   Stable   Assigned
Bank of Baroda	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A+   Stable   Reaffirmed
Bank of Baroda	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	150.00	ACUITE A1+   Reaffirmed
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Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	250.00	A1+   Assigned
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A+   Stable   Assigned

Bank Guarantee of Rs. 75 Cr. from IDFC First Bank rated last year is replaced by other bank.

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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