



Press Release
Telecommunication Consultants India Limited
August 25, 2023

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	225.00	ACUITE A+ Stable Reaffirmed	-
Bank Loan Ratings	80.00	-	ACUITE A1+ Assigned
Bank Loan Ratings	2282.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	2587.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A+**' (read as **ACUITE A plus**) on long term bank facility of Rs. 225 Cr. Further, Acuite has reaffirmed short term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on Rs. 2282 crore of bank facilities and assigned short term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) to Rs. 80 Cr. bank facilities of **Telecommunication consultants India Limited (TCIL)**. The outlook is '**Stable**'.

Rationale for rating

The rating factors in the status of the company as Government of India undertaking further the rating factors the improved operation of the company alongwith improved financial risk profile as evident from improved leverage and coverage position of the company. However, the aforementioned strength is underpinned by squeezing of margins in the past which has shown a minuscule sign of recovery in the current year though still remains below average and is susceptible to the growing competition in the industry and tender based nature of operation. Further the company's working capital operations remains stretched which is apparent from GCA days of 577 days. Improvement in operations of the company alongwith substantial improvement in profitability remains key monitorable.

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

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. 7,834.74 crore as on 31-Mar-2023. 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. 618.56 crore as on 31 March 2023 (Prov.) (Rs. 612.79 crore as on 31 March 2022). The gearing improved as the company was debt free as on 31 March 2023 (Prov) as against 0.15 times as on 31 March 2022. The total fund based limit available as on 31-Jun-2023 stands at Rs. 375 crore of which only 1.35% was utilized in past 15 months ended June 2023. It also has non-fund based limits of Rs. 2212.10 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 32.65 per cent as on 31 March 2023. The interest coverage ratio improved and stood at 8.11 times as on 31 March 2023 (Prov.) as against 6.70 times as on 31 March 2022. The net cash accruals stood at Rs. 40.29 crore as on 31 March 2023 (Prov) (Rs. 55.89 crore in FY2022).

Comfortable order book position

Company has a healthy unexecuted order book position of Rs. 7929.68 crore as on 31-March-2023. This provides healthy revenue visibility over near to medium term.

Weaknesses

Working Capital Intensive Operations

The company's operations albeit improvement in current year remained working capital intensive as marked by gross current asset (GCA) days of 577 as on 31st March 2023 (Prov.) as compared to 744 days on 31st March 2022. This is mainly because 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 328 days as on 31 March 2023 (Prov.) as compared to 467 days as on 31 March 2022 the stretch in debtors is on account of delay in payment by government institutions. Notwithstanding the high GCA days, the company's dependence on bank limits has been low, the lower limit utilization is attributed to the back to back debtor creditor arrangement of the company wherein the company will pay to its creditors only when the bills are paid by the corresponding debtors supporting the liquidity of the company.

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 improve profitability substantially
- 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

All 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. 40.29 crore against nil debt obligation. The company's operations albeit improvement in current year remained working capital intensive as marked by gross current asset (GCA) days of 577 as on 31st March 2023 (Prov.) as compared to 744 days on 31st March 2022. Even though the GCA days are high the average fund based limits utilization remained at 1.35% in past 15 months ended June 2023. The lower limit utilization is attributed to the back-to-back debtor creditor arrangement of the company wherein the company will pay to its creditors only when the bills are paid by the corresponding debtors supporting the liquidity of the company. Since the bidding of project in foreign land requires 2% EMD and projects executed by the company requires PBG hence the NFB limits remained utilized at 32.65 percent as on 31st March 2023. The company had cash and cash equivalents of Rs. 401.37 crore as on March 31, 2023, which includes lien marked amount of Rs. 146.42 crore and unencumbered cash of Rs. 254.95 crore. The current ratio of the company stands moderate at 1.04 times as on March 31, 2023 (Prov.). 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 and profitability 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.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	1918.86	1524.85
PAT	Rs. Cr.	35.49	30.33
PAT Margin	(%)	1.85	1.99
Total Debt/Tangible Net Worth	Times	0.00	0.15
PBDIT/Interest	Times	8.11	6.70

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Jun 2022	Secured Overdraft	Long Term	100.00	ACUITE A+ Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A+ Stable (Assigned)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	600.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	80.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	135.00	ACUITE A1+ (Reaffirmed)
	Packing Credit	Short Term	150.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	300.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	117.00	ACUITE A1+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	250.00	ACUITE A1+ (Assigned)
	Proposed Cash Credit	Long Term	50.00	ACUITE A+ Stable (Assigned)
	Bank Guarantee	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	80.00	ACUITE A1+ (Assigned)
	Cash Credit	Long Term	50.00	ACUITE A+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
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)
		Long		ACUITE A+ Stable

	Secured Overdraft	Term	100.00	(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 2020	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)
	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)
	Bank Guarantee	Short 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)
	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)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab and Sind Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	100.00	ACUITE A1+ Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	250.00	ACUITE A1+ Reaffirmed
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	197.00	ACUITE A1+ Reaffirmed
IDBI Bank Ltd.	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	150.00	ACUITE A1+ Reaffirmed
Indian Overseas Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	319.86	ACUITE A1+ Reaffirmed
Indian Overseas Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	80.00	ACUITE A1+ Assigned
Yes Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	0.14	ACUITE A1+ Reaffirmed
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	600.00	ACUITE A1+ Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	80.00	ACUITE A1+ Reaffirmed
Indian Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	300.00	ACUITE A1+ Reaffirmed
Indusind Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	135.00	ACUITE A1+ Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	50.00	ACUITE A+ Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	25.00	ACUITE A+ Stable Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	50.00	ACUITE A+ Stable Reaffirmed
Bank of Baroda	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	150.00	ACUITE A1+ Reaffirmed
Bank of Baroda	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	100.00	ACUITE A+ Stable Reaffirmed

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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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