



## Svarn Telecom Limited

Instrument	Amount	Rating
	In Rs. Crore †	As on May 2014
Cash Credit	5.00	[ICRA]B (Reaffirmed)
Term Loans	0.94	[ICRA]B (Reaffirmed)
Non fund based Limits	3.50	[ICRA]A4 (Reaffirmed)
Unallocated Limits	15.56	[ICRA]B (Reaffirmed)

ICRA has reaffirmed a long term rating of [ICRA]B (pronounced ICRA B) for the Rs. 5.00 crore fund based limits, Rs. 0.94 crore term loans and Rs. 15.56 crore unallocated limits of Svarn Telecom Limited (STL)†. ICRA has also reaffirmed a short term rating of [ICRA]A4 (pronounced ICRA A four) for the Rs. 3.50 crore non fund based limits of the company.

While arriving at the ratings, ICRA has also taken cognizance of the business and financial risk profiles of Svarn Telecom (ST), Svarn Telecom Limited (STL), Svarn Infratel Private Limited (SIPL) and Svarn Tex Prints Private Limited (STPPL), together referred to as Svarn Group. The entities have a common management and have intra group linkages. Three of the four entities mentioned above namely, ST, STL and SIPL have similar business profile and share the same brand name.

The ratings reaffirmation reflects Svarn Telecom Limited's decline in scale of operations in the business of manufacturing of passive telecom infrastructure components and the deterioration in operating profitability of STL. The net margins are although supported by non operating income (profit on sale of assets). The ratings also take into account the significant increase in working capital intensity of the company, driven by increase in inventory holding period of the company, and translating into consistently high utilization of working capital limits. The ratings also factor in the high working capital intensity, moderate profitability and average debt protection metrics of the group taken together. The ratings are however supported by the overall increase in the group's scale of operations, improvement in group's profitability and improvement in group's coverage indicators. The ratings continue to take into consideration the reputed client profile of the group which includes Reliance Jio Infocomm Ltd, ZTE Telecom India Pvt Ltd etc as well as telecom service providers like Vodafone, Idea Cellular, etc. Moreover the Svarn group benefits from the promoters' experience in the telecom sector and diversification of the company's product profile to cold rooms & Pre-Fab shelters.

### Issuer Profile

Svarn Telecom Limited (STL) was incorporated in 2008 and is managed by Mr. Sadhu Ram Gupta, Mr. Vijay Gupta and Mr. Ajay Gupta. The company is engaged in manufacturing of shelters, panels, cages, radio frequency components, etc in its manufacturing plant based out of Haridwar. The company is a part of the Svarn Group, which is promoted by Mr. Sadhu Ram Gupta, Mr. Vijay Gupta, Mr. Ajay Gupta and Mr. Suresh Singhal, which has a presence in the manufacturing of passive telecom infrastructure components as well as processing of fabric.

As per provisional numbers, for FY2014, the company reported a profit after tax of Rs. 0.97 crore on an operating income of Rs. 22.65 crore vis-à-vis a PAT of Rs. 1.28 crore on an operating income of Rs. 33.00 crore during FY2013.

**May 2014**

\* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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