

QuadGen Wireless Solutions Private Limited ^{Revised}

July 06, 2018

Summary of Rated Instrument:

Instrument*	Rated Amount (Rs. crore)	Rating Action
Long Term – Fund based facilities	20.00	Provisional rating of [ICRA]BBB- (SO) (Stable) confirmed as final
Short Term – Non-Fund based facilities	100.00	Provisional rating of [ICRA]A3 (SO) confirmed as final
Total	120.00	

*Instrument details are provided in Annexure - 1

Rating action

ICRA has confirmed the provisional rating of [ICRA]BBB-(SO) (pronounced ICRA Triple B Minus Structured Obligation) assigned to the Rs. 20.00 crore long term fund-based facilities and the provisional rating of [ICRA]A3 (SO) (pronounced ICRA A Three Structured obligation) assigned to the short-term non-fund-based facilities of QuadGen Wireless Solutions Private Limited (QWSPL/ the company)¹ as final based on the strength unconditional, irrevocable and continuing guarantee by QuadGen Wireless Solution Inc. (QWS/ guarantor). The long-term rating carries a stable outlook.

The letter SO in parenthesis suffixed to the rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. 'SO' ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

Rationale

In February 2018, ICRA had assigned a long-term rating of Provisional [ICRA]BBB-(SO) (pronounced ICRA Triple B Minus Structured Obligation) with a stable outlook on the Rs. 17.50 crore long term unallocated facilities of QuadGen Wireless Solutions Private Limited (QWSPL/ the company). ICRA had also assigned a short-term rating of Provisional [ICRA]A3 (SO) (pronounced ICRA A Three Structured obligation) outstanding on the Rs. 57.50 crore unallocated facilities of QWSPL.

Subsequently in April 2018, ICRA had extended the validity of the long-term rating of Provisional [ICRA]BBB-(SO) (pronounced ICRA Triple B Minus Structured Obligation) with a stable outlook on the Rs. 20.00 crore (revised from Rs. 17.50 crore) long term unallocated facilities of QWSPL by 120 days. ICRA had also extended the validity of the short-term rating of Provisional [ICRA]A3 (SO) (pronounced ICRA A Three Structured obligation) outstanding on the Rs. 100.00 crore (revised from Rs. 57.50 crore) unallocated facilities of QWSPL by 120 days.

QWSPL has now shared the final executed version of the guarantee transaction documents along with an undertaking provided by the QuadGen Wireless Solution Inc. (guarantor) that it would ensure that the related debt obligations are serviced on or prior to the due date based on which the rating for the said bank facilities has now been confirmed as final.

¹ For complete rating definition please refer to ICRA website www.icra.in

Outlook: Stable

The outlook may be revised with change in credit profile of QuadGen Wireless Solution Inc. (QWS)

Key rating drivers

Corporate guarantee and undertaking from QWS: ICRA has taken comfort from the irrevocable and unconditional corporate guarantee from QWS and undertaking provided by the guarantor that it would ensure that the related debt obligations are serviced on or prior to the due date. The ratings address the servicing of the rated facilities to take place as per the terms of the underlying loan and the guarantee arrangement. The rating also assumes that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower.

The guarantor, QWS is into providing radio network integration service, carrier Wi-Fi solutions, operation support management, RF (radio frequency) engineering services etc. and has presence across varied industries. QWSPL builds, owns, operates, maintains, sells and markets Wi-Fi services on carrier overlay partnership with BSNL and is also a maintenance service provider (MSP) partner to global Master System integrators (MSIs) for smart city projects. The founders of QWSPL's Mr. C.S. Rao and Mr. Mallik Vagvala have extensive experience across targeted industries like Telecommunications, Education, etc. supporting the company's business prospects. QWSPL has a highly reputed client base and includes Larson and Toubro Limited, BSNL, State Bank of India, etc. QWSPL has built established relationships with its clients helping the company in securing orders for supporting its business growth.

Analytical approach: The rating action is based on the execution version of the transaction documents being in line with the terms initially shared with ICRA.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Approach for rating debt instruments backed by third party explicit support](#)

About the company:

Quadgen Wireless Solutions Private limited (QWSPL/ the company) is a private limited company incorporated in 2007. QWSPL is 99.06% subsidiary of QWS (QuadGen Wireless Solution Inc. USA). QWSPL initially started as a back-end support to its holding company, QWS and later diversified into Wi-Fi and smart city business. QWSPL builds, owns, operates, maintains, sells and markets Wi-Fi services on carrier overlay partnership with BSNL. QWSPL is also a maintenance service provider (MSP) partner to global Master System integrators (MSIs) for smart city projects. The company also offers system integration (SI) and MSP for Wi-Fi/data centre/ optical NW/ collaboration/ RAN optimization and cyber security domains.

About the holding company:

QuadGen Wireless Solution Inc. (QWS) is the holding company of Quadgen Wireless Solutions Private Limited. QWS started in the year 2007 and has its headquarters in King of Prussia, Pennsylvania USA. QWS partners with Tier 1 telecom carriers and OEMs to build high quality, reliable network service, from wired, wireless to broadband. The company provides network-agnostic and platform-agnostic services in the areas of radio network integration service, carrier Wi-Fi solutions, operation support management, RF (radio frequency) engineering services etc. Industries to which the company provides solutions are: telecommunication, utility companies, education, sports and entertainment venues etc.

Key financial indicators

	FY2017 (Audited)	FY2018 (Provisional)
Operating Income (Rs. crore)	10.2	29.9
PAT (Rs. crore)	-9.9	1.6
OPBDIT/ OI (%)	-30.0%	45.6%
RoCE (%)	-41.3%	4.3%

Total Debt/ TNW (times)	0.3	0.6
Total Debt/ OPBDIT (times)	-3.6	1.5
Interest coverage (times)	-54.8	45.5

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Source: QWSPL and ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2019	Date & Rating in FY2018
				July 2018	May 2018	April 2018	Feb 2018
1 Fund based facilities	Long Term	20.00	-	[ICRA]BBB-(SO) (Stable)	Provisional [ICRA]BBB-(SO) (Stable)	Provisional [ICRA]BBB-(SO) (Stable)	Provisional [ICRA]BBB-(SO) (Stable)
2 Non fund based facilities	Long Term	100.00	-	[ICRA]A3 (SO)	Provisional [ICRA]A3 (SO)	Provisional [ICRA]A3 (SO)	Provisional [ICRA]A3 (SO)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term – Fund based facilities	May 2018	-	-	20.00	[ICRA]BBB- (SO) (Stable)
NA	Short Term – Non fund based facilities	May 2018	-	-	100.00	[ICRA]A3 (SO)

Source: QWSPL

Corrigendum

Document dated July 06, 2018 has been corrected with revisions as detailed below:

- Revision has been made on page number 1 and 2 under the respective sections: “rating rationale” and “key rating drivers”. Footnote has been deleted and additional comments have been included on the undertaking received from the guarantor.

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