Press Release

Aerial Telecom Solutions Private Limited

March 24, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	110.04 (Enhanced from Rs. 90.34 Crore)	IVR BBB/ Stable (IVR Triple B with stable Outlook)	IVR BBB/ Stable (IVR Triple B with stable Outlook)	Reaffirmed	Simple
Short Term Bank Facility	10.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Total	**120.04**	**Rupees One Hundred Twenty Crores and Four lakhs Only**			

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 Limited (Formerly Infomerics Valuation and Rating Private Limited) (IVR) has re-affirmed 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 Re-affirmation of the long/Short term ratings assigned to the existing bank facilities of ATSPL draws comfort from the qualified and experienced management, growing scale of operations along with improvement in its operating performance in 9MFY25, satisfactory order book, 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 2024 (Refer period from April 01, 2023, to March 31, 2024), Un-audited 9MFY25 results & Projected financials for FY2025 to FY2027, and publicly available information/ clarifications provided by the company’s management.

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 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 was jointly promoted by Mr Maninder Singh Nanda, Mr Sham Kumar and Mr Parvinder Singh. Mr. Maninder Singh Nanda has more than three decades of experience in the field of telecom industry, Mr. Sham Kumar, has experience in the operations & project management for almost two decades and looks after overall functions of the company and Mr Parvinder Singh has rich technical expertise in telecom infrastructure, 5G, and optical fiber and is spearheading the company's digital transformation efforts.

Growing scale of operations with moderate profitability

The Total Operating Income of the company increased by 44.24% to Rs. Rs. 315.21 crore in FY24(A) as against Rs. 218.53 crore in FY23, mainly on account of increase in execution of orders. The profitability of the company stood comfortable marked by EBITDA margin which improved by 119 bps and stood at 4.94% in FY24 as compared to 3.75% in FY23 on account of increase in total operating income. Despite increase in EBITDA margins, the PAT margin marginally declined by 14 bps and stood at 2.20% in FY24 as against 2.34% in FY23 mainly on account of increase in interest expenses. ***The company has achieved a total sale of Rs. 276.62 Crore as on Dec 2024 with an EBITDA of Rs. 18.02 Crore and a PAT of Rs. 8.10 crore. In terms of Margins EBITDA margins stood at 6.51% and PAT margins stood at 2.93% as on Dec, 2024.***

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. Recently, the company has secured two new orders that are expected to contribute substantially to the growth and market position. The value of these orders is as under, Bharat Net UP(East) and UP(West) orders have ATS share of Rs 150.00 Crores per year for the next three years. Besides, the O&M for this job would be for the next seven years.

& IBS maintenance contract for 9 circles in North-India with annual sales of Rs 83.00 Crores

Adequate capital structure with healthy debt protection metrics

The capital structure of the company remained moderate marked by ATNW of Rs.51.71 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 1.47x 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 3.60x as on 31-Mar-23 to 2.31x 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 2.25 times in FY24 (FY23: 2.53x) deteriorated as a result of increase in interest expenses. Total Debt to GCA improved to 8.15 years in FY24 as against 8.74 years in FY23 due to increase in absolute value of GCA to Rs. 9.31 crore from Rs. 5.79 crore as on March 2024.

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 ATSPL 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 ATSPL is expected to remain adequate as the company is expected to generate adequate gross cash accruals in the range of Rs.17.28 – 31.68 crore to serve its minimal debt repayment obligations of Rs. 5.39 – 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 ~94.78% during the past 12 months ended in January 2025 indicating limited liquidity cushion for the company.

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):

(Rs. crore)

For the year ended as on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	218.53	315.21
EBITDA	8.19	15.57
PAT	5.12	6.95
Total Debt	50.58	75.90
Tangible Networth	21.04	33.20
EBITDA Margin (%)	3.75	4.94
PAT Margin (%)	2.34	2.20
Overall Adjusted Gearing Ratio (x)	2.40	1.47
Interest Service Coverage Ratio (x)	2.53	2.25

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 2024 – 25 Dated : Dec 30, 2024	Date(s) & Rating(s) assigned in 2024 – 25 Dated : Oct 14, 2024	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	4.04	IVR BBB/ Stable (IVR Triple B with stable Outlook)	IVR BBB/ Stable (IVR Triple B with stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook)	-	-	-
2.	Fund Based – Cash Credit	Long Term	106.00	IVR BBB/ Stable (IVR Triple B with stable Outlook)	IVR BBB/ Stable (IVR Triple B with stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with stable Outlook))			
3.	Non - Fund Based – BG	Short Term	10.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)			

Name and Contact Details of the Rating Analyst:

Name: Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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 ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

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			March 2027	1.82	IVR BBB/ Stable (IVR Triple B with stable Outlook)
Term Loan			Oct 2027	1.40	IVR BBB/ Stable (IVR Triple B with stable Outlook)

Term Loan			June 2028	0.82	IVR BBB/ Stable (IVR Triple B with stable Outlook)
Cash Credit	-	-	Revolving	106.00	IVR BBB/ Stable (IVR Triple B with stable Outlook)
BG	-	-	-	10.00	IVR A3+ (IVR A Three Plus)

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-Aerial-Telecom-mar25.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.