

OCTOBER 12, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	332.89 (enhanced from 296.18)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	400.00 (enhanced from 250.00)	CARE A2+ (A Two Plus)	Revised from CARE A3 (A Three)
Total Facilities	732.89 (Rupees Seven Hundred Thirty Two crore and Eighty Nine lakh only)		

Rating Rationale

The revision in the ratings takes into consideration the significant improvement in the financial risk profile of Himachal Futuristic Communications Limited (HFCL) marked by consistent increase in total operating income, comfortable capital structure, strong liquidity and order book position.

The ratings continue to draw comfort from the experienced management team and long track record of operations. The ratings are, however, constrained by the revenue concentration risk and regulatory aspects governing the telecom sector. Going forward, considering expected change in revenue/customer mix, continuation of profitable scale-up of operations while maintaining a favourable capital structure and operating cycle, shall remain the key rating sensitivities

Background

HFCL was incorporated in 1987 and is engaged in providing telecom turnkey services [78% of sales of FY15 (refers to the period April 1 to March 31)] and the manufacturing of telecom equipment and cables [22% of the sales of FY15].

Under the turnkey services, the company provides and implements projects for complete site infrastructure for mobile operators, satellite & radio communication, CDMA mobile networks, optical transport networks and spectrum management solution and has worked for various private and government operators including the major GSM vendors.

The manufacturing facilities of the company are located in Solan, Himachal Pradesh (HP), and Salcete, Goa.

During FY15, HFCL reported a total operational income of Rs.2,552 crore (PY: Rs.2,020 crore) and PAT of Rs.190 crore (PY: Rs.148 crore).

For Q1FY16 (provisional), the company reported PAT of Rs.112 crore on a total operating income of Rs.625 crore vis-à-vis PAT of Rs.69 crore on total operating income of Rs.619 crore

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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