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Limited

ISO 14001:2015 & OHSAS 18001.2007

CIN No : L32109MH1995PLC091107

Ref.No

Date:

Date: January 12, 2018

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400001

**Ref: Suyog Telematics Limited (Scrip Code: 537259/SUYOG)**

**Sub: Revision in CRISIL Ratings on the bank facilities**

Dear Sir,

In compliance with Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we would like to inform that the Company's rating on the bank facilities have been revised to:

<b>Total Bank Loan Facilities Rated</b>	<b>Rs. 90 Crore</b>
<b>Long-Term Rating</b>	<b>CRISIL BB+/Stable (Revised from 'CRISIL BBB-/Stable' to 'CRISIL D' and Simultaneously Upgraded to 'CRISIL BB+/Stable')</b>
<b>Short-Term Rating</b>	<b>CRISIL A4+ (Revised from 'CRISIL A3' to 'CRISIL D' and Simultaneously Upgraded to 'CRISIL A4+')</b>

The rationale behind such revision is enclosed.

Thanking you

Yours faithfully

**For Suyog Telematics Limited**



**Rahul Kapur**  
**Company Secretary & Compliance Officer**

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GST No. 27AAFCS0334P2Z2

# Ratings

**CRISIL**

An S&amp;P Global Company

## Rating Rationale

January 09, 2018 | Mumbai

### Suyog Telematics Limited

Revised from 'CRISIL BBB-/Stable/CRISIL A3' to 'CRISIL D/CRISIL D' and simultaneously upgraded to 'CRISIL BB+/Stable/CRISIL A4+'

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.90 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL BB+/Stable (Revised from 'CRISIL BBB-/Stable' to 'CRISIL D' and Simultaneously Upgraded to 'CRISIL BB+/Stable')</b>
<b>Short Term Rating</b>	<b>CRISIL A4+ (Revised from 'CRISIL A3' to 'CRISIL D' and Simultaneously Upgraded to 'CRISIL A4+')</b>

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

#### Detailed Rationale

CRISIL has revised its ratings on the bank facilities of Suyog Telematics Limited (STL) from 'CRISIL BBB-/Stable/CRISIL A3' to 'CRISIL D/CRISIL D' and simultaneously upgraded the ratings to '**CRISIL BB+/Stable/CRISIL A4+**'.

The revision in rating to 'CRISIL D/CRISIL D' reflects delay in payment - that was due on December 28, 2017 - of principal on one of the term loans. This was on account of delayed realization from one of its customers, whose receivables were used to make the repayment. While STL had sufficient current account balance with another bank, the same was not utilized in servicing the principal payment. However, the company has cleared all dues as on date.

The simultaneous upgrade to 'CRISIL BB+/Stable/CRISIL A4+' reflects CRISIL's understanding that the payment delay was a one-off event and that STL's ability and willingness to service debt on time continue to remain comfortable. The company has undertaken to ensure timely servicing of debt going forward and to strengthen its internal controls and instill higher financial discipline. The company's business and financial profile continues to remain stable; however owing to the current problems faced by the telecommunication sector, delays in payments may cause a stretch in liquidity. Further, the ongoing capex of Rs.90 crore, which is being funded with internal accruals to the tune of Rs.23 crore, puts additional demands on the cashflow generation of the company.

The ratings factors in STL's established regional market position in the passive telecom infrastructure segment, supported by its healthy presence in low cost sites. Financial risk profile is marked by above-average total outside liabilities to adjusted net worth (TOL/ANW) ratio and comfortable debt protection metrics. These rating strengths are partially offset by STL's moderate scale of operations, geographical concentration in revenue profile, extended receivables and sizeable capital expenditure.

#### Key Rating Drivers & Detailed Description

##### Strengths

\* **Established regional market position in the passive telecom infrastructure segment, supported by healthy presence in low-cost sites:** The company is a passive telecom infrastructure provider, engaged primarily in the business of installing and commissioning of poles, towers and optical fibre cable systems since 1995. It is registered as Infrastructure Provider Category-I (IP-I) with Department of Telecommunications (DoT). The company has a strong presence in the government sector in Mumbai supported by the fact that it has sole licensee to install towers and poles for Mumbai Metropolitan Region Development Authority (MMRDA) and Mumbai State Road Development Corporation Ltd (MSRDC) sites across Mumbai region such as flyovers, sea link and skyways.

\* **Above-average financial risk profile:** Networth was comfortable at Rs 52 crore and total outside liabilities to adjusted networth (TOLANW) ratio was healthy at 1.7 times as on March 31, 2017. Debt protection metrics were strong, with interest coverage and net cash accrual to total debt ratios of 6.27 times and 0.33 time, respectively, in fiscal 2017.

##### Weaknesses

\* **Moderate scale of operations and geographical concentration in revenue profile:** Scale of operation is moderate with operating income of Rs 60.53 crore in fiscal 2017. Geographical concentration risk also persists, as the bulk of projects are in and around Mumbai.

**\* Extended receivables and significant capital expenditure plans**

The receivable cycle has been stretched in fiscal 2017 to 131 days on account of delay in payments from some of the financially stressed telecom service providers. Capital expenditure plans of around Rs 60 crore to be completed over the next two years and its stabilization thereof will be a key rating sensitive factor. In fiscal 2017, capital expenditure of Rs 31.45 crore has been incurred.

**Outlook: Stable**

STL will benefit from its promoter's experience in the telecom tower industry and relationships with customers. The outlook may be revised to 'Positive' in case of significant ramp-up in scale of operations, backed by improvement in receivable cycle and in tenancy ratios and/or geographical diversification in revenue profile. Conversely, the outlook may be revised to 'Negative' if decline in profitability and revenue or in financial risk profile due to stretch in receivable cycle and sizeable debt-funded capital expenditure.

**About the Company**

STL, incorporated in 1995 by Mr Shivshankar Lature, is a passive telecommunication infrastructure provider, engaged primarily in the business of installing and commissioning poles, towers and optical fibre cable systems.

**Key Financial Indicators**

Particulars	Unit	2017	2016
Revenue	Rs crore	60.5	43.8
Profit After Tax (PAT)	Rs crore	17.0	12.1
PAT Margins	%	28.1	27.6
Adjusted Debt/Adjusted Network	Times	1.2	0.8
Interest coverage	Times	6.27	8.8

Any other information: Not applicable

**Note on complexity levels of the rated instrument:**

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**Annexure - Details of Instrument(s)**

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Rating Assigned with Outlook
NA	Bank Guarantee	NA	NA	NA	3.00	CRISIL A4+
NA	Term Loan	NA	NA	Oct-2021	20.00	CRISIL BB+/Stable
NA	Term Loan	NA	NA	Aug-2025	20.00	CRISIL BB+/Stable
NA	Term Loan	NA	NA	Jun-2022	11.34	CRISIL BB+/Stable
NA	Term Loan	NA	NA	Jun-2022	35.66	CRISIL BB+/Stable

**Annexure - Rating History for last 3 Years**

Instrument	Current			2018 (History)		2017		2016		2015		Start of 2015
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	87	CRISIL BB+/Stable		No Rating Change		No Rating Change	29-02-16	CRISIL BBB-/Stable		--	--
Non Fund-based Bank Facilities	LT/ST	3	CRISIL A4+		No Rating Change	07-04-17	CRISIL A3		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

**Annexure - Details of various bank facilities**

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	3	CRISIL A4+	Bank Guarantee	3	CRISIL A3
Term Loan	87	CRISIL BB+/Stable	Term Loan	87	CRISIL BBB-/Stable

<b>Total</b>	<b>90</b>	<b>--</b>	<b>Total</b>	<b>90</b>	<b>--</b>
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**Links to related criteria**
[CRISILs Approach to Financial Ratios](#)
[CRISILs Bank Loan Ratings - process, scale and default recognition](#)
[Rating criteria for manufacturing and service sector companies](#)
[CRISILs Bank Loan Ratings](#)
[CRISILs Criteria for rating short term debt](#)
[The Rating Process](#)
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