

June 28, 2024

Commтел Networks Private Limited: Change in limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based limits	105.00	135.00	[ICRA]A-(Stable); Outstanding
Long-term/Short-term interchangeable limits	(105.00)	(135.00)	[ICRA]A-(Stable)/ [ICRA]A2+; Outstanding
Long-term/Short-term unallocated limits	50.00	20.00	[ICRA]A-(Stable)/ [ICRA]A2+; Outstanding
Total	155.00	155.00	

*Instrument details are provided in Annexure-I

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position and rating sensitivities: [click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CNPL mentioned in Annexure II

About the company

CNPL, incorporated in 1998, is a turnkey provider of converged communication, surveillance and related technology solutions to customers in the oil and gas, power, transportation, mining and related sectors. It designs, builds, integrates and manages dedicated networks over optical fibre, radio or copper media. The company has deployed more than 1,14,000 km of telecommunication network across sectors. CNPL also has a UAE-based subsidiary, Commтел Networks FZC, through which it executes orders based in the Middle East and the African (MEA) region.

Key financial indicators (audited)

	FY2023	FY2024*
Operating income	380.8	512.5
PAT	56.1	80.0
OPBDIT/OI	19.8%	21.7%
PAT/OI	14.7%	15.6%
Total outside liabilities/Tangible net worth (times)	0.6	0.8
Total debt/OPBDIT (times)	1.0	1.2
Interest coverage (times)	7.9	9.8

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Jun 28, 2024	Nov 30, 2023	Sep 30, 2022	Jun 22, 2021
1 Fund-based limits	Long term	135.00		[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Positive)
2 Interchangeable limits	Long term and short term	(135.00)		[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]BBB+ (Positive)/ [ICRA]A2
3 Non-fund based limits	Short term	-		-	-	-	[ICRA]A2
4 Unallocated limits	Long term and short term	20.00		[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based limits	Simple
Long-term/Short-term interchangeable limits	Very Simple
Long-term/Short-term unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term fund-based limits	-	-	-	135.00	[ICRA]A- (Stable)
NA	Long-term/Short-term interchangeable limits*	-	-	-	(135.00)	[ICRA]A- (Stable)/[ICRA]A2+
NA	Long-term/Short-term unallocated limits	-	-	-	20.00	[ICRA]A- (Stable)/[ICRA]A2+

Source: Company

*xx Bank- Rs. 50-crore sub-limits are interchangeable between fund-based and non-fund based limits such that the maximum utilisation of cash credits cannot exceed Rs. 50.00 crore, maximum utilisation of working capital demand loan (WC DL) cannot exceed Rs. 45.00 crore, total utilisation of export finance cannot exceed Rs. 35.00 crore and total utilisation of bank guarantees should not exceed Rs. 20.00 crore, inter-citi SBLC cannot exceed Rs. 15.00 crore.

yy Bank- Rs. 25-crore sub-limits re interchangeable between fund-based and non-fund based limits such that the maximum utilisation of working capital demand loan (WC DL) cannot exceed Rs. 17.00 crore, total utilisation of bank guarantees should not exceed Rs. 25.00 crore & total utilisation of letter of credit cannot exceed Rs. 25.00 crore.

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Commnetel Networks FZE	100.00%	Full Consolidation

Source: Company

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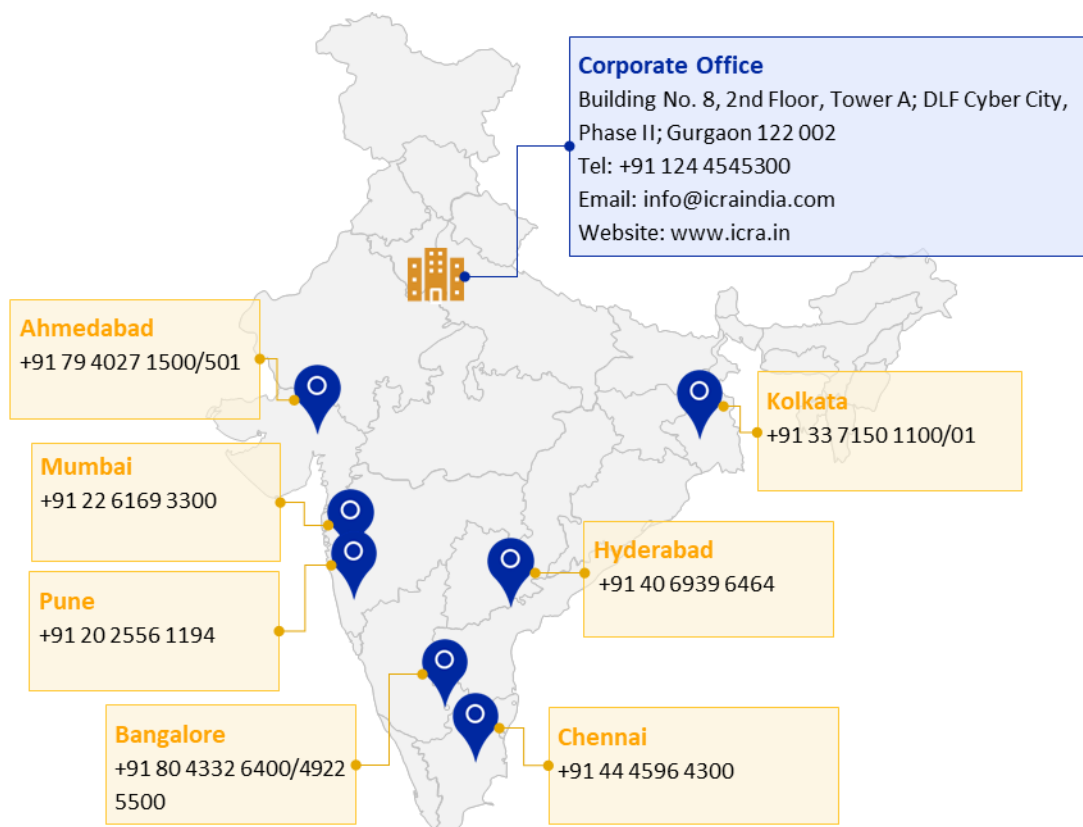


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