

September 3, 2010

**CARE ASSIGNS 'CARE BBB' & 'PR3' RATING TO THE BANK FACILITIES OF
TELEMART COMMUNICATION (INDIA) PVT. LTD.**

Ratings Assigned

Facilities	Amount (Rs. Cr.)	Ratings¹	Remarks
Long-term Bank Facilities	85.00	'CARE BBB' (Triple B Minus) (Under Credit Watch)	Assigned
Short-term Bank Facilities	32.00	'PR3' (PR Three) (Under Credit Watch)	Assigned
Total	117.00		

The ratings have been placed under '**Credit Watch**' in view of the proposed merger of Telemart Communication (India) Pvt. Ltd (Telemart) with the group companies to form a combined entity (Akanksha Cellular Limited), which is yet to be approved by Hon'ble High Court of Delhi. The Scheme of Merger has been filed in the High Court of Delhi.

CARE shall be evaluating the details of this merger and its impact on the credit quality of the Telemart. The final rating would be announced on completion of this evaluation.

Rating Rationale

The rating reflects the established track record and experience of the promoters along with Telemart's association with reputed retail store operators, moderate gearing levels and favorable growth outlook for the mobile handsets industry. The rating is however constrained by the low margin and working capital intensive nature of business and inherent risks associated with successful renewability of the company's dealership agreement with Samsung India Electronics (P) Ltd. (Samsung).

Going forward, sustenance of business operations and maintaining profitability margins would be key rating sensitivities.

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

Company Profile

Telemart was incorporated and promoted in September 2000 by Mr. Ashok Gupta who has around 15 years of experience in the field of distribution of telecom products. The company started as a distributor of Nokia handsets and during January 2007 switched over to the distribution of Samsung handsets. Presently, Telemart is designated as a national distributor for distributing handsets to Modern Trade (Retail Chains) by Samsung India Electronics (P) Ltd. (Samsung). During FY09, on the total income of Rs.429.0 crore, Telemart earned a PAT of Rs.2.1 crore. As per the provisional results, during FY10, Telemart recorded a total income of Rs.850.0 crore and a PAT of Rs.14.7 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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