

## Fibcom India Limited

February 03, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	32.02	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	67.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>99.52</b> <b>(Rs. Ninety-Nine Crore and Fifty-Two Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Fibcom India Limited (FIL) to monitor the ratings vide e-mail communications/letters dated October 04, 2021, December 09, 2021, December 16, 2021 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on FIL's bank facilities will now be denoted as CARE D; ISSUER NOT COOPERATING\*.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The ratings factors in non-cooperation by FIL and CARE's efforts to undertake a review of the ratings outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

### Detailed description of the key rating drivers

At the time of last rating on March 19, 2021 the following were the rating strengths and weaknesses:

#### Key Rating Weaknesses

##### Ongoing delays & Poor liquidity

FIL's working capital cycle stood at 509 days in FY20 as against 492 days in FY19. The liquidity position of FIL is poor and the working capital utilization at maximum level for past 12 months remained high at 99.22% which shows the working capital intensive nature of the operations. Company has been facing delays in the payment from its government customers and with the outbreak of Covid-19 there has been pressure on the business. With the significant stretch in its operating cycle there were cash flow mismatches which led to delays in payments of interest of the bank facilities of the company and delays in the bill discounting facility on account of its poor liquidity. Company took moratorium as per RBI guidelines for deferment of interest servicing on CC from March to August 2020.

##### Moderate financial risk profile

Income from operations increased marginally to Rs. 68.79 crore in FY20 (refers to period from April 01 to March 31) from Rs 66.52 crore in FY19. PAT stood at loss of Rs. 3.14 crore in FY20 as against Rs. 0.72 crore in FY19 on account of higher depreciation. Total debt as on March 31, 2020 decreased to Rs. 157.61 crore (including inter-corporate deposits of Rs. 80.04 crore and working capital borrowings of Rs. 65.11 crore) from Rs. 159.74 crore (including inter-corporate deposits of Rs. 80.29 crore and working capital borrowings of Rs. 66.44 crore) as on March 31, 2019. Company does not have any term loan from banks and inter-corporate deposits does not have any fixed repayment schedule, interest rate charged on inter-corporate deposits is 6.65%. The debtors stood at Rs 41.35 crore as on December 31, 2020.

##### Working capital intensive nature of operations

FIL obtains orders through tendering and bidding process and receives payments as per the delivery of order. FIL has long operating cycle due to milestone based payments. FIL's working capital cycle stood at 509 days in FY20 as against 492 days in FY19. Average creditor days decreased to 107 days in FY20 from 208 days in FY19 and inventory days decreased to 391 days in FY20 from 402 days in FY19. The working capital limits of the company remained 99.22% utilized during the preceding 12 months (Jan'20 to Dec'20) which shows the working capital intensive nature of the operations. Total receivables decreased to Rs. 39.00 crore as on 31st Mar 2020 from Rs 46.45 crore as on 31st Mar 2019.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Foreign currency fluctuation risk on account of dependence on imports

As the company has been in this line of business for more than 20 years, the company has established relationship with the suppliers. The company procures the raw materials from the domestic markets as well as from foreign suppliers. Further, the company does not have any hedging policy. The company reported a net profit on foreign currency fluctuation of Rs. 0.13 crore in FY20 (PY: Rs 0.01 crore).

### Key Rating Strengths

#### Strong promoter group along with funding support in the past

Fibcom India Limited (FIL) was established in December 1994 as a Joint Venture (JV) between NKT Elektronik, Denmark, ITI Limited and IFU, Denmark. In 2006, Delhi based Lalit Suri group acquired the company from the promoters. Suri group has diversified business interest in sectors including auto ancillary, auto dealership, hospitality, aviation, education etc. Group companies of FIL include Subros Limited, Bharat Hotels Limited, Rohan Motors Limited. Further, the promoters of FIL have supported the operations of the company through regular infusion of funds in the form of unsecured loans and Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS). As on March 31 2020, the funds infused by the promoters (in the form of unsecured loans, inter-corporate deposits and OCCRPS) stood at Rs. 84.09 crore as against Rs. 84.34 crore as on March 31, 2019.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[CARE's methodology for manufacturing companies](#)

[CARE's methodology for Short Term Instruments](#)

[Rating Methodology: Notching by factoring linkages in Ratings](#)

[Liquidity Analysis of Non-Financial Entities](#)

### About the Company

FIL was established in December 1994 as a Joint Venture (JV) between NKT Elektronik, Denmark, ITI Limited and IFU, Denmark. In 2006, Delhi based Lalit Suri group acquired the company from the promoters. Suri group has diversified business interest in sectors including auto ancillary, auto dealership, hospitality, aviation, education etc. Group companies of FIL include Subros Limited, Bharat Hotels Limited, Rohan Motors Limited. FIL is engaged into manufacturing of telecom networking equipment and also offer Installation & Commissioning (I&C) of telecommunication projects and network consultancy services. FIL is into manufacturing of optical transmission products (SDH/DWDM), integrated network solutions and telecom infrastructure development projects. The manufacturing and R&D facility of FIL is located in Noida, Uttar Pradesh. The client base of FIL is reputed which includes Power Grid Corporation of India Limited, Himachal Futuristic Communication Limited, Railtel Corporation of India, Gas Authority of India Limited, Delhi Metro Rail Corporation etc. Further, the Board of Director of Company have approved scheme of merger (The Scheme) proposing merger of Fibcom India Limited (transferor Company)) into Prima Telecom Limited (PTL). Further, post merger, as per the scheme, all the business of transferor Company, all assets and all liabilities shall be merged into PTL.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (Prov)
Total operating income	68.79	NA	NA
PBILDIT	22.82	NA	NA
PAT	-3.14	NA	NA
Overall gearing (times)	4.67	NA	NA
Interest coverage (times)	1.70	NA	NA

A: Audited; NA: Not Available

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	32.02	CARE D; ISSUER NOT COOPERATING*
Non-fund-based-Short Term		-	-	-	67.50	CARE D; ISSUER NOT COOPERATING*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	32.02	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (19-Mar-21) 2)CARE BB-; Stable (05-May-20)	-	1)CARE BB-; Stable (21-Dec-18)
2	Non-fund-based-Short Term	ST	67.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (19-Mar-21) 2)CARE A4 (05-May-20)	-	1)CARE A4 (21-Dec-18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument	Detailed explanation
<b>A. Financial covenants</b>	
CC	<ul style="list-style-type: none"> <li>Commitment charges of 0.25% per annum on unutilized amount of facility where the average utilization is less than 35% of the sanctioned limits. Charges are payable on half yearly basis.</li> </ul>
<b>B. Non-financial covenants</b>	
CC	<ul style="list-style-type: none"> <li>The primary security shall include fist pari passu charge on the entire current assets of the company, both present and future.</li> <li>Personal and irrevocable guarantee of Shri Ramesh Suri, corporate guarantee of Sawalka Autotech Private Limited and Bee Pee Motors Private Limited.</li> </ul>

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based-Short Term	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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