

Aishwarya Technologies and Telecom Limited

February 26, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	7.11	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	6.00	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	4.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	17.61 (Rs. Seventeen Crore and Sixty-One Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 03, 2017; placed the ratings of Aishwarya Technologies and Telecom Ltd (ATTL) under the 'Issuer Non-Cooperating' category as ATTL had failed to provide information for monitoring of the rating. ATTL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated January 05, 2021 and February 04, 2021. 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.

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

The ratings factor in stretched liquidity position with continued delays in debt service obligation.

Detailed description of the key rating drivers

At the time of last rating on December 03, 2019; the following were the rating strengths and weaknesses (updated for financials for FY20 published on BSE):

Key rating weakness

Subdued financial performance in FY20 and stretched liquidity

The total operating income of the company for FY20 has been in line with FY19 (Rs.11.32 crore vis-à-vis Rs.13.15 crore). Low operating income led to the under-recovery of expenses and ATTL reported operating loss of Rs.7.32 crore in FY20 against operating loss of Rs.19.40 crore in FY19. The company continues to report net loss and cash loss. The stretched liquidity has resulted in continued delays in debt servicing.

Initiation of Corporate Insolvency Resolution Process (CIRP)

The Interim Resolution Professional (IRP) of ATTL has intimated the BSE that CIRP has been initiated based on the order dated 01.08.2018 passed by NCLT, Hyderabad bench against a petition filed by an operating creditor of the company with a request to initiate CIRP at the back of non-payment of approx. Rs.1.73 crore outstanding as on September 12, 2017 along with interest amount of Rs.0.09 crore for the delay in payment. The amount was so due against the invoice raised by the creditor for the purchase made by ATTL in different occasions. However, as per published Annual Report of FY19 on the Stock Exchange, the company has made settlement with operational creditors and hence, is out of CIRP proceedings as per order passed on September 19, 2018.

Small Scale of operation

The scale of operation of the company has remained moderate with a net worth base of Rs.25.07 crore as on March 31, 2018 (Rs.33.96 crore in FY17). Due to high loss incurred, the net-worth base eroded significantly as on March 31, 2018. The same further deteriorated to Rs.5.09 crore as on March 31, 2020 (Rs.11.08 crore as on Mar.31, 2019) due to continues loss.

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

*Issuer did not cooperate; Based on best available information

Stretched working capital cycle

The operating cycle stretched further to 393 days in FY18 compared to 167 days in FY17 due to high collection period (308 days in FY18). This further elongated to 502 days during FY19 due to high collection period (395 days in FY19).

Key Rating Strengths

Experienced promoters

The promoters of ATTL, Mr. G Rama Krishna Reddy, Rama Manohar Reddy and Mrs. G Amulya Reddy have more than two decades of experience in the telecom sector.

Exclusive distributorship from reputed clients

ATTL has exclusive distributorship from Sumitomo Electric Industries, Japan for India, Bangladesh & Sri Lanka for entire range of splicing machines. The company has further appointed re-sellers in various parts of India, Sri Lanka & Bangladesh, for promoting these splicing machines.

Analytical approach: Standalone

Applicable Criteria

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

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

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

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

[Criteria for Short Term Instruments](#)

About the Company

Aishwarya Technologies & Telecom Limited (ATTL) was promoted by Mr. G Rama Manohar Reddy and Mrs. G Amulya Reddy as a partnership firm named Advanced Electronics & Communications System. ATTL was formed by taking over the business of the said partnership firm. ATTL is an ISO 9001:2008 certified company, which manufactures testing & measuring equipment like fiber, data and copper cable fault locators for telephone service providers, defense sector, cable TV operators and railways. The company has its manufacturing facilities situated at Hyderabad and it supplies a wide range of telecom & fiber optic products to Bharat Sanchar Nigam Limited, Tata Tele Services, Bharati Airtel, Mahanagar Telephone Nigam Limited, railways & defense sectors in India.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	13.15	11.32
PBILDT	(19.40)	(7.32)
PAT	(14.48)	(6.71)
Overall gearing (times)	0.56	1.52
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

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

Status of non-cooperation with previous CRA: Brickworks Rating vide its press release dated September 24, 2019 had placed the ratings of ATTL at Issuer Not Cooperating, which was subsequently withdrawn vide press release dated December 19, 2019.

Any other information: NA

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	December 2014	0.11	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	6.00	CARE D / CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	4.50	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	0.11	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (03-Dec-19)	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2)CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-
2.	Fund-based - LT-Cash Credit	LT	7.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (03-Dec-19)	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2)CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	6.00	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (03-Dec-19)	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2)CARE C / CARE A4; ISSUER NOT COOPERATING* (24-Jul-18)	-
4.	Non-fund-based - ST-Letter of credit	ST	4.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (03-Dec-19)	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2)CARE A4; ISSUER NOT COOPERATING* (24-Jul-18)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - LT/ ST-Bank Guarantees	Simple
4.	Non-fund-based - ST-Letter of credit	Simple

Note on complexity levels of the rated instrument: 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.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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