

Aksh Optifibre Limited

January 29, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	136.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	114.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	250.00 (Rs. Two Hundred Fifty Core Only)		

*Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Aksh Optifibre Limited to monitor the rating vide e-mail communications dated January 14, 2021, January 13, 2021, January 12, 2021, January 11, 2020, December 12, 2020 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. Further, Aksh Optifibre Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Aksh Optifibre Limited'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 rating(s).

Detailed description of the key rating drivers

At the time of last rating on April 01, 2020, the following were the rating strengths and weaknesses.

Key Rating Weaknesses

Liquidity: Stretched

The liquidity continues to remain poor owing to elongated operating cycle which has led to continuous overdrawals and delay in debt repayment obligations. The current ratio has deteriorated to 0.83 in FY20 (PY:0.94). The operating cycle stood at 177 days in FY20 as against 104 days in FY19. The inventory and debtors stood at Rs 41.71 cr (PY:Rs 65.56 cr) and Rs 124.04 cr (PY: Rs 183.15 cr).

Key Rating Strengths

Experienced promoters with established track record in the OFC industry

Incorporated in 1986, the company has over three-decades of long track record of operations in OFC industry. AOL manufactures OFC and is also backward integrated to manufacture OF and FRP rods, which leads to operational efficiencies. The company started with the manufacturing of OF and OFC in 1994. In 1996-97 AOL acquired FRP business which is a key raw material for OFC. AOL went public in 2000 and is listed on NSE and BSE. The company also delivers to e-governance services through its programme 1 Stop Aksh with the government of Rajasthan. The present Chairman and Managing Director, Dr. Kailash S. Choudhari, is a key founding member of AOL. He is MBBS by qualification, gold medallist AIIMS. His father, Mr. Shantilal Choudhari, was the promoter of Choudhari Metal Industry (later on renamed CMI Limited) which specializes mainly in manufacturing of copper cables.

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](#)

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

Rating Methodology - Manufacturing Companies
Liquidity Analysis of Non-Financial Sector Entities

About the company

Aksh Optifibre Limited (AOL) was incorporated in March 1986 as a manufacturer of Poly Vinyl Chloride (PVC) and Polyethylene (PE) insulated specialty cables. In 1994, the company ventured into manufacturing of Optical Fibre Cables (OFCs) and did backward integration in 1995 by setting up a plant for Optical Fibre (OF) in Bhiwadi, Rajasthan. In 2000, AOL acquired Fibre Reinforced Plastic Rods (FRP rods) business which is a key raw material for OFC (mainly used at the strength membrane in OFC). The company is also undertaking e-governance services, which includes 10,000 plus e-Governance kiosks in the state of Rajasthan and is also providing smart city/ turnkey solutions, which includes installation and managing of OFC turnkey of 350 kms in Jaipur smart city project.

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

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	540.45	257.81
PBILD	100.07	29.53
PAT	28.14	-247.73
Overall gearing (times)	0.39	0.59
Interest coverage (times)	3.53	1.12

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not applicable

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	-	-	2027	66.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	70.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	114.00	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 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	66.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (01-Apr-20)	1)CARE D (27-May-19)	1)CARE BBB; Stable (07-Mar-19)	-
2.	Fund-based - LT-Cash Credit	LT	70.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (01-Apr-20)	1)CARE D (27-May-19)	1)CARE BBB; Stable (07-Mar-19)	-
3.	Non-fund-based - ST-BG/LC	ST	114.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (01-Apr-20)	1)CARE D (27-May-19)	1)CARE A3+ (07-Mar-19)	-

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

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 - ST-BG/LC	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.

Disclaimer

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