

## Aishwarya Technologies & Telecom Limited

March 3, 2017

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	7.11	<b>CARE B-; ISSUER NOT COOPERATING (Single B Minus; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	4.50	<b>CARE A4; ISSUER NOT COOPERATING (A Four; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	6.00	<b>CARE B-/CARE A4; ISSUER NOT COOPERATING (Single B Minus/A Four; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
<b>Total</b>	<b>17.61 (Rupees Seventeen crore and Sixty One lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Aishwarya Technologies & Telecom Limited (ATTL) to monitor the rating(s) vide e-mail communications 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 publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The rating on Aishwarya Technologies & Telecom Limited's bank facilities will now be denoted as **CARE B-/CARE A4; ISSUER NOT COOPERATING**.

The ratings take into account *relatively small scale of operation, elongated operating cycle, continued losses over past three years FY14-FY16 (refers to the period April 01 to March 31)*. However, the ratings draw comfort from satisfactory experience of the promoters in the telecom equipment industry and comfortable capital structure.

**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 in February 19, 2016 the following were the rating strengths and weaknesses:*

#### Key Rating Strengths

##### Experienced promoters

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

##### Growth in total operating income in FY15

ATTL exhibited a y-o-y growth in total operating income by 18.69% in FY15 at the back of increased demand for testing and measuring equipments from telecom service providers and also from defence labs.

##### 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.

#### Key Rating Weaknesses

##### Small scale of operation

The scale of operation of the company has remained moderate with a net worth base of Rs.35.53 crore as on March 31, 2015.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

**Decline in profit margins due to writing off old book debts and increase in cost of material**

The PBILDT margin declined significantly by 998 basis points to 1.70% in FY15 (11.68% in FY14) due to writing off bad debts and increase in imported cost of raw material by 41%.

**Elongated working capital cycle**

The company has stretched operating cycle (368 days in FY15) due to high collection days (302 days in FY15).

**Analytical approach:** Standalone

**Applicable Criteria**

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

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for Manufacturing Companies](#)

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

**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 a ISO 9001:2008 certified company, which manufactures testing & measuring equipments like data and 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.

During FY16, the company reported a total operating income of Rs.47.38 crore (FY15 - Rs.31.99 crore) with PBILDT of Rs.1.71 crore (FY15 - Rs.0.54 crore) and a net loss of Rs.1.10 crore (FY15 – net loss of Rs.2.02 crore).

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact**

Name: Ms Puja Jalan

Tel: 040 40102030

Mobile: +91 9160001511

Email: [puja.jalan@careratings.com](mailto:puja.jalan@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**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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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/outlooks 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**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	-	-	Jan 2016	0.11	CARE B-; ISSUER NOT COOPERATING
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE B-; ISSUER NOT COOPERATING
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	6.00	CARE B- / CARE A4; ISSUER NOT COOPERATING
Non-fund-based - ST-Letter of credit	-	-	-	4.50	CARE A4; 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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	0.11	CARE B-; ISSUER NOT COOPERATING	-	1)CARE B- (19-Feb-16)	1)CARE B- (21-Nov-14)	1)CARE C (23-May-13)
2.	Fund-based - LT-Cash Credit	LT	7.00	CARE B-; ISSUER NOT COOPERATING	-	1)CARE B- (19-Feb-16)	1)CARE B- (21-Nov-14)	1)CARE C (23-May-13)
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	6.00	CARE B- / CARE A4; ISSUER NOT COOPERATING	-	1)CARE B- / CARE A4 (19-Feb-16)	1)CARE B- / CARE A4 (21-Nov-14)	1)CARE C / CARE A4 (23-May-13)
4.	Non-fund-based - ST-Letter of credit	ST	4.50	CARE A4; ISSUER NOT COOPERATING	-	1)CARE A4 (19-Feb-16)	1)CARE A4 (21-Nov-14)	1)CARE A4 (23-May-13)

**CONTACT****Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,  
First Floor, Phase 11,  
Sector 65, Mohali - 160062  
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

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