

Aishwarya Technologies & Telecom Limited

July 24, 2018

Ratings

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

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 ratings vide e-mail communications dated April 18, 2018, June 15, 2018 & July 3, 2018 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 ratings of ATTL's bank facilities will now be denoted as **CARE C/CARE A4; 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).

The ratings have been revised on account of significant decline in the operating income in FY18 (period refers to Apr 1 to Mar 31) and stretched collection period that led to liquidity stress in the business. However, the ratings draw comfort from satisfactory experience of the promoters in the telecom equipment industry and exclusive distributorship from reputed clients and comfortable gearing position.

Detailed description of the key rating drivers

At the time of last rating on February 27, 2017 the following were the rating strengths and weaknesses [updated for the information available from Bombay Stock Exchange (BSE)]

Key Rating Strengths

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.

Key Rating Weaknesses

Decline in total operating income

The total operating income of the company declined significantly by around 53% in FY18 (Rs.26.24 crore), y-o-y over FY17 (Rs.55.86 crore). Low operating income led to under-recovery of expenses and ATTL reported operating loss (Rs.9.82

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

crore) in FY18 as against PBILDT of Rs.3.03 crore in FY17. The company also reported net loss and cash loss during the year.

Small scale of operation

The scale of operation of the company has remained moderate with a net worth base of Rs.25.70 crore as on March 31, 2018 (Rs.33.96 crore as on March 31, 2017). Due to huge loss incurred, the net worth base eroded significantly as on Mar.31, 2018.

Elongated 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).

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, defence sector, cable TV operators and railways. The company has its manufacturing facilities situated at Hyderabad and it supplies a wide range of telecom & fibre optic products to Bharat Sanchar Nigam Limited, Tata Tele Services, Bharati Airtel, Mahanagar Telephone Nigam Limited, railways & defence sectors in India.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	57.63	26.24
PBILDT	2.95	-9.82
PAT	-0.47	-9.09
Overall gearing (times)	0.18	0.29
Interest coverage (times)	1.59	-6.73

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Ms. Puja Jalan

Tel: 040 40102030

Mobile: +91 9160001511

Email: puja.jalan@careratings.com

****For detailed Rationale Report and subscription information, please contact us at 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.

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/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	-	-	2018	0.11	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B-; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B-; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	6.00	CARE C / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B- / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Letter of credit	-	-	-	4.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	0.11	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B-; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B-; ISSUER NOT COOPERATING* (03-Mar-17)	1)CARE B- (19-Feb-16)
2.	Fund-based - LT-Cash Credit	LT	7.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B-; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B-; ISSUER NOT COOPERATING* (03-Mar-17)	1)CARE B- (19-Feb-16)
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	6.00	CARE C / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B- / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B- / CARE A4; ISSUER NOT COOPERATING* (03-Mar-17)	1)CARE B- / CARE A4 (19-Feb-16)
4.	Non-fund-based - ST-Letter of credit	ST	4.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (03-Mar-17)	1)CARE A4 (19-Feb-16)

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy
Cell: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

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

AHMEDABAD

Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU

Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH

Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91- 0172-490-4000/01
Email: anand.jha@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

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

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

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

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

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

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

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