

## Aishwarya Technologies & Telecom Limited

August 23, 2018

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	7.11	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE C (Single C) on the basis of best available information
Short term Bank Facilities	4.50	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE A4 (A Four) on the basis of best available information
Long-term/Short-term Bank Facilities	6.00	<b>CARE D/CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE C/CARE A4 (Single C/A Four) on the basis of 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 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 rating on ATTL's bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING\*** (revised from 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 due to the liquidity stress in the business on account of subdued financial performance during FY18 (period refers to Apr 1 to Mar 31) with taking the cognizance of initiation of Corporate Insolvency Resolution Process (CIRP) as intimated to the Bombay Stock Exchange (BSE) based on the order passed by the National Company Law Tribunal (NCLT), Hyderabad Bench. The order has been passed against the petition filed by an operating creditor of the company for non-payment of the dues outstanding.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### Initiation of Corporate Insolvency Resolution Process (CIRP)

The Interim Resolution Professional (IRP) of ATTL has intimated the BSE that the CIRP has been initiated based on the order dt.01.08.2018 passed by the NCLT, Hyderabad Bench against a petition filed by an operating creditor of the company with a request to initiate the CIRP at the back of non-payment of approx. Rs.1.73 crore outstanding as on Sep.12, 2017 along with interest amount of Rs.0.09 crore for the delay in payment. The amount so due was against the invoices raised by the creditor for the purchases made by ATTL in different occasions.

#### Subdued financial performance in FY18 and stretched liquidity

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 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.

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

\*Issuer did not cooperate; Based on best available information

### 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.

### 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).

### 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 telcom 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 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](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.

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

#### About CARE Ratings:

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#### 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 D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	6.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Letter of credit	-	-	-	4.50	CARE D; 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 D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-	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 D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-	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 D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C / CARE A4; ISSUER NOT COOPERATING* (24-Jul-18)	-	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 D; 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* (24-Jul-18)	-	1)CARE A4; ISSUER NOT COOPERATING* (03-Mar-17)	1)CARE A4 (19-Feb-16)

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