

Aishwarya Technologies & Telecom Limited

December 03, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	7.11	CARE D; ISSUER NOT COOPERATING* (Single D, ISSUER NOT COOPERATING)	Issuer not Co-operating, Based on best available information
Short term Bank Facilities	4.50	CARE D; ISSUER NOT COOPERATING* (Single D, ISSUER NOT COOPERATING)	Issuer not Co-operating, Based on best available information
Long-term/Short-term Bank Facilities	6.00	CARE D/ CARE D; ISSUER NOT COOPERATING* (Single D, ISSUER NOT COOPERATING)	Issuer not Co-operating, Based on best available information
Total	17.61 (Rs. Seventeen crore and sixty one lakh 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 Technology 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 email dated October 07, 2019 and October 09, 2019. 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 take into account stretched liquidity position with continued delays in debt service obligation.

Detailed description of the key rating drivers

At the time of last rating on August 21, 2018, the following were the rating strengths and weaknesses (updated for financials for FY19 published on BSE):

Key Rating Weaknesses

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 the under-recovery of expenses and ATTL reported operating loss (Rs.9.82 crore) in FY18 against PBILDT of Rs.3.03 crore (FY17). The company also reported net loss and cash loss during the year. The financial performance continues to remain subdued during FY19 with the total operating income registering degrowth of around 50% to Rs.13.15 crore with the company registering operating loss of Rs.14.48 crore during the year. The company continues to report net loss and cash loss.

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.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](#)

[Criteria for Short Term Instruments](#)

[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 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)	FY18(A)	FY19 (A)
Total operating income	26.24	13.15
PBILDT	(9.82)	(19.40)
PAT	(9.09)	(14.48)
Overall gearing (times)	0.29	0.56
Interest coverage (times)	NM	NM

A: Audited; NM – Not Meaningful

Status of non-cooperation with previous CRA: Brickworks rating vide its press release dated September 24, 2019 has placed the rating at Issuer Not Cooperating.

Any other information: Not Applicable

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

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

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* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	6.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	4.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.11	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1) CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2) CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-	1) CARE B-; ISSUER NOT COOPERATING* (03-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	7.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1) CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2) CARE C; ISSUER NOT COOPERATING* (24-Jul-18)	-	1) CARE B-; ISSUER NOT COOPERATING* (03-Mar-17)
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	6.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1) CARE D; ISSUER NOT COOPERATING* (23-Aug-18) 2) CARE C / CARE A4; ISSUER NOT COOPERATING* (24-Jul-18)	-	1) CARE B- / CARE A4; ISSUER NOT COOPERATING* (03-Mar-17)
4.	Non-fund-based - ST-Letter of credit	ST	4.50	CARE D; ISSUER NOT COOPERATING* Issuer not	-	1) CARE D; ISSUER NOT COOPERATING* (23-Aug-18)	-	1) CARE A4; ISSUER NOT COOPERATING* (03-Mar-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
				cooperating; Based on best available information		2)CARE A4; ISSUER NOT COOPERATING* (24-Jul-18)		

Annexure 3: Detailed Explanation of covenants of rated instruments/facilities- N/A

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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