

March 31, 2020

United Telelinks (Bangalore) Limited.: Rating downgraded to [ICRA]A3 from [ICRA]A2+; rating moved to ISSUER NOT COOPERATING category

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-fund based – Letter of credit	300.0	300.0	[ICRA]A3; ISSUER NOT COOPERATING ¹ ; downgraded from [ICRA]A2+ and moved to 'Issuer Not Cooperating' category

Rationale

The rating downgrade is because of lack of adequate information regarding United Telelinks (Bangalore) Limited's (UTBL or the company) performance and hence the uncertainty around its credit risk. The rating has further been moved into 'Issuer Not Cooperating' category. The rating is denoted as '[ICRA]A3; ISSUER NOT COOPERATING'. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its 'Policy in respect of non-cooperation by the rated entity'. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with UTBL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company

UTBL is engaged in the distribution of mobile phones and accessories in India under its own "Karbonn" brand. The company is promoted by Mr Sudhir Hasija (who holds 49% stake along with his family members) and the estate of Mr C Basavapurnaiah (which holds 51% stake in the company). In March 2009, UTBL launched mobile handsets under its own brand name "Karbonn", in collaboration with Delhi based Jaina Group. As per the terms of the agreement with Jaina Group, Jaina will distribute "Karbonn" mobile phones in northern and western India and UTBL will distribute the phones in southern and eastern Indian markets. The entire process chain, including procurement, marketing, brand management, promotion, supply chain management and after sales service, is being taken care of by UTBL and Jaina jointly. UTBL also undertakes distributorship of other mobile brands such as Huawei and Vivo. In FY2018, around 52% of the revenue was contributed by the trading segment.

¹ Issuer did not cooperate; based on best available information

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Current Rating	FY2019	FY2018	FY2017
					31-Mar-2020	31-Dec-2018	22-Jan-2018	-
1	Non-fund based limits	Short term	300.0	NA	[ICRA]A3; ISSUER NOT COOPERATING ²	[ICRA]A2+	[ICRA]A2+	-

Amount in Rs. Crore, NA – Not available

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

² Issuer did not cooperate; based on best available information

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Letter of Credit	-	-	-	300.00	[ICRA]A3; ISSUER NOT COOPERATING

Source: United Telelinks (Bangalore) Limited., NA – Not Applicable

Annexure-2: List of entities considered for consolidated analysis

Not applicable

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