

## Quadrant Televentures Limited

September 13, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	17.22	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	24.40	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>41.62</b> <b>(Rs. Forty-One Crore and Sixty-Two Lakhs Only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 16, 2020, placed the rating(s) of Quadrant Televentures Limited (QTL) under the 'issuer non-cooperating' category as QTL had failed to provide information for monitoring of the rating. QTL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated May 22, 2021, May 12, 2021 and May 2, 2021. 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 ratings.***

The rating takes into account non-availability of information due to non-cooperation by Accord Communication Limited with CARE'S efforts to undertake a review of the rating outstanding. CARE views information non-availability risk as a key factor in its assessment of credit risk.

### Detailed description of the key rating drivers

*At the time of last rating on June 16, 2020, the following were the rating weaknesses and strengths (Updated for the information available from the stock exchange):*

#### Key Rating Weaknesses

##### Ongoing delays in debt servicing

There are ongoing delays in the servicing of the debt obligations by the company on account of its weak liquidity position. The company has been classified as Non-Performing Asset (NPA) by the bank.

##### Financial risk profile marked by losses at the net level

The total operating income of the company declined to Rs.431.06 crore in FY21 as against Rs.459.06 crore in FY20. However, due to high operational expenses, the PBILDT margins declined to 2.50% in FY21 from 4.58% in FY20. The company continued to remain in losses at the net level, with a net loss of Rs. 296.15 crore in FY21 (net loss of Rs. 46.52 crore in FY20). Due to losses at the net level, the networth of the company remained negative.

**History of CDR:** The debt of the Company was restructured under Corporate Debt Restructuring (CDR) mechanism in Mar04 and subsequently in Jun-05. However, due to continued losses and liquidity problems (at the time of launch of GSM services), QTL again approached its lenders for rework of the earlier sanctioned restructuring package, which was approved by CDR Empowered Group in Aug-09, with cut-off date as April 01, 2009. In-line with the last approved CDR terms, Videocon group was inducted as the new strategic investor and subsequently a new management team was setup.

##### Deterioration in the financial risk profile of Videocon group from which QTL derives operational and financial support

After taking over the reins of the business of QTL in 2009, the Videocon group has regularly supported the company to fund its capex and other operational needs. The Videocon group, through its flagship company-Videocon Industries Limited (VIL), has presence in varied business verticals such as oil & gas, consumer electronics and telecommunications. However, the financial risk profile of VIL has deteriorated lately, with the company reporting net loss of Rs. 6760.76 crore

on a total income of Rs. 1062.61 crore in FY19 as compared with net loss of Rs. 5264.04 crore on a total income of Rs. 3350.12 crore in FY18, on a standalone basis.

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of non-cooperation by issuers](#)

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology - Service Sector Companies](#)

**About the Company**

Quadrant Televentures Limited (QTL) was incorporated in August 1946 by the name- The Investment Trust of India Limited (ITIL). The name of the company was changed to HFCL Infotel Limited (HIL) in May 2003. In August 2009, the ownership of HIL was transferred to the Videocon group, subsequent to which, the company was rechristened as QTL. Currently, the Videocon group holds majority stake (49.47%) in QTL through an entity promoted by it. QTL is a Unified Access Services (UAS) Licensee in the Punjab Telecom Circle comprising of the state of Punjab, Chandigarh and Panchkula. The company started its operations as a fixed line service provider under the brand name 'Connect' in the year 2000. It was later granted UAS License in the Punjab Telecom Circle (including Chandigarh and Panchkula) in 2003 subsequent to which it launched its CDMA based mobile services under the brand name 'Ping' (from September 2007) and GSM-based mobile services in March 2010. Currently, QTL is providing Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services and CDMA Mobile Services in the Punjab Telecom Circle (including Chandigarh and Panchkula). The company discontinued its GSM business operations from February 15, 2017.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	459.06	431.06
PBILDT	21.01	10.79
PAT	-46.52	-296.15
Overall gearing (times)	-0.92	-0.82
Interest coverage (times)	0.19	0.10

A: Audited

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

**Any other information:** Not Applicable

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

**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-Cash Credit	-	-	-	17.22	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	24.40	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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	17.22	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (16-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (26-Feb-19)
2.	Non-fund-based - ST-BG/LC	ST	24.40	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (16-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (26-Feb-19)

\*Issuer not cooperating; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-BG/LC	Simple

**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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### 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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