

**Optiemus Infracom Limited**  
**January 25, 2021**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	231.50	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>231.50</b> <b>(Rs. Two Hundred Thirty-One Crore and Fifty Lakhs Only)</b>		

\*Details of instruments/facilities in Annexure-1

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated November 27, 2019, placed the rating(s) of Optiemus Infracom Limited (OIL) under the 'Issuer non-cooperating' category as OIL had failed to provide information for monitoring of the rating. OIL continues to be non-cooperative despite repeated request for submission of information through e-mails, phone calls and an email dated January 04, 2021, December 15, 2020 and December 11, 2020. 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**

**Detailed description of the key rating drivers**

At the time of last rating on November 27, 2019 the following were the rating strengths and weaknesses (Updated for the FY20 financials available from stock exchange.)

**Key Rating Weaknesses****Significant deterioration in financial of flagship company- OIL**

Optiemus Infracom Limited (OIL) being a flagship company of the group and a major contributor to the group's revenue as well as profitability has continuously witnessed a decline on the account of decline in sales of HTC and Samsung and delay in launch of Blackberry's models. The total income of the Optiemus Group has witnessed decline during past three years. In FY20, total operating income at standalone level declined by 24% at standalone level and by 71% at consolidated level from FY19. In order to support the operations, the promoters have infused funds in the past of around Rs.25 crore funds in the group as on March 25, 2019. The promoters have further infused Rs.10 crore during FY20.

OIL is in the process to monetise its commercial asset which is approved by Board as per meeting dated December 23, 2020 and is expected to complete by end of January 2021. The lease revenue from the asset contributed 10% of FY20 revenue and 48% of net worth of company as on March 31, 2020. The total sales consideration will be of Rs. 285 crore. The net proceeds from sale will be utilized for expansion of mobile manufacturing business and to repay the existing loans and reduce interest burden and/or for the general business purpose. Thus help OIL increase the scale of business and improve its financial risk profile.

**Lower than envisaged ramp up of Blackberry business:**

The group had envisaged significant upside from the Blackberry business segment both in terms of income and profitability but as against the plan, the company derived revenue of Rs.352 crore from Blackberry sales during FY18 and Rs.192 crore during 9MFY19. Furthermore, due to delayed launch of couple of its handsets, there was a corresponding mismatch in the sales and associated costs leading to reduction in profitability. OIL has signed an exclusive agreement for designing, manufacturing and distribution of Blackberry Handsets in India, Sri Lanka, Nepal and Bangladesh which is expected to provide a revenue upside to the company in next couple of years. Going forward, successful ramp up of Blackberry and other handset sales would be crucial for the company.

<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

***Renewal of agreement with mobile brands would remain a concern:***

Optiemus group has been engaged in the distribution of Samsung handsets since January 2007. The distributorship is guided by an agreement between the two parties. On the expiry of the term a fresh agreement shall be signed between the two parties based on mutual consent. Though, over the years the dependence of the group on Samsung as a source of revenue has come down and therefore the business continuation risk is mitigated to a large extent. The renewal of the agreement with Samsung is due in FY20. Similarly, the agreement with Blackberry is a 10 year agreement (five years extendable to another five years) and its successful renewal would be crucial in future.

***Exposure to intense competition in mobile phone industry***

The Optiemus Group has exposed to the intense competition in the mobile handset industry. As the group has presence in manufacturing and distribution of smart and feature phones its fortunes are linked to the brands it caters. The company is currently dealing in brands such as Samsung, HTC and Zen.

**Key Rating Strengths**
***Experienced promoter and Professional Management team***

Mr. Ashok Gupta, the chairman of the Optiemus has more than two decades of experience in the field of trading and mobile handsets distribution. Under his leadership the company has been engaged in the distribution of Samsung mobile phones since January 2007. Prior to this, the company, since October 2001, was engaged in the distribution of Nokia handsets. Mr. Gupta has also served as the secretary of the 'Indian Cellular Association' (ICA), an apex body representing the mobile brands in India.

***Established market position and synergy from operations***

The Optiemus Group over the year has established itself as a leading player in the domestic mobile handset distribution industry. The group through its various group companies has presence in the complete value chain starting from assembling, distribution and finally retail sales of mobile phones. The group is able to enjoy operational synergies as it is present across the value chain.

***Wide distribution network***

The Optiemus group has been engaged in the business of mobile distribution for last two decades and thus has built a wide pan-India distribution network. The Group started distribution of Nokia handsets in the Delhi General Trade market. Gradually, they moved towards the organized trade market with Samsung. The group operates with a vast spread of 27 Regional branches, presence with close to 650 Distributors (Micro and Macro Distributors), more than 10,000 retail partners (in the general trade segment) and more than 700 service centres.

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)  
[CARE's Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[CARE's methodology for Short-term Instruments](#)  
[Rating Methodology – Manufacturing Companies](#)  
[CARE's criteria for financial ratios \(Non-Financial sector\)](#)

**About the Company**

Optiemus Infracom Limited (OIL) was originally incorporated in the year 1993 as Akanksha Finvest Limited (AFL) as a Non - Banking Financial Company (NBFC). The name of the merged entity was subsequently changed to the current one: Optiemus Infracom Limited in June 2011. OIL is the flagship company of the Optiemus Group and has been engaged in distribution of mobile handsets of reputed brands like Nokia and Samsung for last 25 years. OIL had started operations with distribution of Nokia handsets from 1995 till 2006. Thereafter, in 2006, the Company left Nokia to take the distribution of Samsung. OIL has also received Blackberry Brand Rights for four countries.

<b>Brief Financials (Rs. crore) – Standalone</b>	<b>FY19(A)</b>	<b>FY20(A)</b>
Total operating income	452.39	344.23
PBILDT	53.60	-35.76
PAT	2.22	-68.70
Overall gearing (times)	0.72	0.86
Interest coverage (times)	1.82	-1.50

**Status of non-cooperation with previous CRA:** OIL has not cooperated with CRISIL, which classified the company as issuer not cooperative through a release dated April 13, 2018. The reason provided by CRISIL is non-furnishing of information for monitoring of ratings.

**Any other information:** NA

**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-Term Loan	-	-	-	195.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	36.50	CARE BB-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	195.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Nov-19) 2)CARE BB+; Stable (26-Aug-19) 3)CARE BBB-; Negative (03-Apr-19)	-	1)CARE BBB; Stable (09-Feb-18)
2.	Fund-based - LT-Cash Credit	LT	36.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Nov-19) 2)CARE BB+; Stable (26-Aug-19) 3)CARE BBB-; Negative (03-Apr-19)	-	1)CARE BBB; Stable (09-Feb-18)

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#### Annexure 3: 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.	Fund-based - LT-Term Loan	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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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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