

Ortel Communication Limited
July 27, 2017

Ratings

Facilities[@]	Amount (Rs. crore)	Rating¹	Rating Action
Long term Bank Facilities	32.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Long term Bank Facilities	7.98	CARE C; ISSUER NOT COOPERATING* (Single C; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Short term Bank Facilities	20.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE A3 (A Three) on the basis of best available information
Total	59.98 (Rs. Fifty nine crore and ninety eight lakh only)		

[@] Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ortel Communications Limited (OCL) to monitor the ratings vide e-mail communications/letters dated May 16, 2017; May 23, 2017; June 1, 2017; June 30, 2017; July 7, 2017; July 14, 2017; July 18, 2017 and numerous phone calls. However, despite our repeated requests, OCL 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. Further, OCL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on OCL's bank facilities will now be denoted as **CARE D/CARE C; 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 ratings.

The ratings have been revised on account of delay in debt servicing obligation due to stretched liquidity position of the company on the back of moderation in financial performance in FY17.

Detailed description of the key rating drivers

The revision in the ratings assigned to the bank facilities of OCL takes into account delay in debt servicing obligation due to stretched liquidity position of the company on the back of moderation in financial performance in FY17. Improvement in financial performance and liquidity position will be the key rating sensitivities in the future.

Moderation in financial performance in FY17: OCL reported PAT of Rs.1.43 crore in FY17 (as against Rs.11.93 crore in FY16) on total operating income of Rs.207.21 crore (as against Rs.189.23 crore in FY16). The moderation in profit is mainly due to sharp decline in revenue of high-margin infrastructure leasing segment and higher capital charge. The liquidity position of the company was

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

tight in the past few months due to decline in operating cash flow and high debt repayment obligation.

Analytical approach: The rating is based on standalone financials.

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

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

About the Company

Ortel Communication Ltd (OCL) was incorporated on June 2, 1995 by the Bhubaneswar-based Shri Baijayant Panda & family. OCL is a regional cable and broadband service provider. The company is providing services in the state of Odisha, Chhattisgarh, Andhra Pradesh, Telengana, Madhya Pradesh and West Bengal.

Brief Financials (Rs. crore)	FY16 (A)	FY17(A)
Total operating income	189.23	207.21
PBILDT	59.68	55.08
PAT	11.93	1.43
Overall gearing (times)	1.34	1.25
Interest coverage (times)	2.53	2.18

Status of non-cooperation with previous CRA: ICRA has suspended its rating vide press release dated Oct 19, 2016 on account of non-cooperation from OCL.

Any other information: Not applicable

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. 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.

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 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	-	-	Nov-2021	32.00	CARE D; ISSUER NOT COOPERATING
Fund-based - LT-Term Loan	-	-	Jan-2022	7.98	CARE C; ISSUER NOT COOPERATING
Fund-based - ST-Bank overdraft	-	-	-	20.00	CARE D; ISSUER NOT COOPERATING

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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	32.00	CARE D; ISSUER NOT COOPERATING*	1)CARE BBB-; (5-Jul-16)	-	-
2.	Fund-based - LT-Term Loan	LT	7.98	CARE C; ISSUER NOT COOPERATING*	1)CARE BBB-; (5-Jul-16)	-	-
3.	Fund-based - ST-Bank overdraft	ST	20.00	CARE D; ISSUER NOT COOPERATING*	1)CARE A3; (5-Jul-16)	-	-

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