Ortel Communication Limited

August 9, 2017

Ratings

Facilities[@]	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	32.00	**CARE D (Single D)**	**Reaffirmed and removed from issuer not cooperating**
Long term Bank Facilities	7.98	**CARE C (Single C)**	**Reaffirmed and removed from issuer not cooperating**
Short term Bank Facilities	20.00	**CARE D (Single D)**	**Reaffirmed and removed from issuer not cooperating**
Total	**59.98 (Rs. Fifty nine crore and ninety eight lakh only)**		

[@] *Details of facilities in Annexure-1*

Detailed Rationale & Key Rating Drivers

The ratings continue to be constrained on account of continued delays in service of debt obligations of the company due to stretched liquidity position on the back of moderation in financial performance in FY17 coupled with high debt repayment obligation. Improvement in financial performance and liquidity position will be the key rating sensitivities to be monitored in the future.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays in debt servicing due to moderation in financial performance in FY17 coupled with high debt repayment obligation: 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 a) pricing pressure in the broadband segment due to competition pressure, b) lower carriage revenue in regional language segment, c) higher provisioning for bad debt, d) sharp decline in revenue of high-margin infrastructure leasing segment and e) higher capital charge. Moderation in profitability and high debt repayment obligation resulted in stretched liquidity position of the company.

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.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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.

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
Fund-based - LT-Term Loan	-	-	Jan-2022	7.98	CARE C
Fund-based - ST-Bank overdraft	-	-	-	20.00	CARE D

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 2017-2018	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	1)CARE D; ISSUER NOT COOPERATING* (27-Jul-17)	1)CARE BBB- (05-Jul-16)	-	-
2.	Fund-based - ST-Bank Overdraft	ST	20.00	CARE D	1)CARE D; ISSUER NOT COOPERATING* (27-Jul-17)	1)CARE A3 (05-Jul-16)	-	-
3.	Fund-based - LT-Term Loan	LT	7.98	CARE C	1)CARE C; ISSUER NOT COOPERATING* (27-Jul-17)	-	-	-

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