

Ortel Communications Limited

February 25, 2019

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Rating Action
Long term Bank Facilities	39.98	CARE D; ISSUER NOT COOPERATING*	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	20.00		
Total Facilities	59.98 (Rs. Fifty nine crore and ninety eight lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Ortel Communications Limited (OCL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on OCL's bank facilities will now be denoted as CARE D; 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 take into account the ongoing delays in debt servicing by the company.

Detailed description of the key rating drivers

At the time of last rating on November 5, 2018, the following were the rating strengths and weaknesses (updated for the information available from Stock Exchange filings):

Key Rating Weaknesses

Delays in debt servicing: The liquidity position of the company has been stretched due to significant losses incurred in FY18 (refers to the period April 1 to March 31) and 9MFY19. OCL reported net loss of Rs.95.27 crore in FY18 (as against PAT of Rs.0.05 crore in FY17) on total operating income of Rs.184.04 crore (as against Rs.203.21 crore in FY17). It reported net loss of Rs.43.79 crore in 9MFY19.

With respect to a petition filed with National Company Law tribunal against OCL by one of their creditors, Corporate Insolvency Resolution process has been initiated against OCL and Resolution Professional has been appointed

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

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

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

About the Company

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

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	203.21	184.04
PBILDT	46.58	37.69
PAT	0.05	(95.27)
Overall gearing (times)	2.05	50.47
Interest coverage (times)	1.75	1.29

A: Audited

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

Any other information: NA

¹ Complete 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

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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 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	-	-	Nov 2021	32.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Bank Overdraft	-	-	-	20.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	Jan 2022	7.98	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	32.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Nov-18) 2)CARE D (31-May-18)	1)CARE D (09-Aug-17) 2)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; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Nov-18) 2)CARE D (31-May-18)	1)CARE D (09-Aug-17) 2)CARE D; ISSUER NOT COOPERATING* (27-Jul-17)	1)CARE A3 (05-Jul-16)	-
3.	Fund-based - LT-Term Loan	LT	7.98	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (05-Nov-18) 2)CARE C; Stable (31-May-18)	1)CARE C (09-Aug-17) 2)CARE C; ISSUER NOT COOPERATING* (27-Jul-17)	-	-

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