

Ortel Communications Ltd.

November 05, 2018

Ratings

Facilities	Amount (Rs. Crore)	Rating ¹	Rating Action
a. Long term Bank Facilities	7.98	CARE D	Revised from CARE C; Stable (C; Outlook: Stable)
b. Long term Bank Facilities	32.00	CARE D	Reaffirmed
c. Short-term Bank Facilities	20.00	CARE D	Reaffirmed
Total Facilities	59.98 (Rs. Fifty nine crore and ninety eight lakh only)		

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to facility (a) above of Ortel Communications Limited (OCL) takes into account the ongoing delay in debt servicing of the facility by the company. Facilities (b) and (c) continue to have delays in debt servicing.

Detailed description of the key rating drivers
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 Q1FY19. 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.13.48 crore in Q1FY19.

Analytical approach: Standalone

Applicable Criteria

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)
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.

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

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

About CARE Ratings:

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Disclaimer

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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
Fund-based - ST-Bank Overdraft	-	-	-	20.00	CARE D
Fund-based - LT-Term Loan	-	-	Jan 2022	7.98	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 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	1)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	1)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	1)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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