

## Quadrant Televentures Limited

February 01, 2018

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	17.22	<b>CARE D (Single D)</b>	<b>Revised from CARE B+; Issuer Not Cooperating (Single B Plus; Issuer Not Cooperating)</b>
Short-term Bank Facilities	24.40	<b>CARE D (Single D)</b>	<b>Revised from CARE A4; Issuer Not Cooperating (A Four; Issuer Not Cooperating)</b>
<b>Total Facilities</b>	<b>41.62 (Rupees Forty One crore and Sixty Two lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Quadrant Televentures Limited (QTL) factors in the on-going delays in the servicing of the debt obligations.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**Ongoing delays in debt servicing:** There are on-going delays in the interest servicing for the cash credit limit availed by QTL. The delays are for a period of more than 30 days.

**Financial risk profile marked by fluctuating scale of operations and continuing losses:** The total operating income of the company declined by ~5% in FY17 mainly on account of lower sales realized from the GSM segment, which was subsequently closed down in Feb-17. Further, due to high operational expenses, the PBILDT margins declined during the year to 1.77% from 5.35% in FY16. Furthermore, the company continued to remain at losses at the net level with PAT of (-) Rs. 152.08 crore (losses of Rs. 134.81 crore in FY16). Due to continued losses at the net level, the networth of the company remained negative. In H1FY18 (Unaudited), the total operating income of the company stood at Rs.170.44 cr. (Rs.293.64 cr. in the same period last year) and net loss of Rs.248.16cr. (net loss of Rs.72.36 cr. in the same period last year).

**History of CDR:** The debt of the Company was restructured under Corporate Debt Restructuring (CDR) mechanism in Mar-04 and subsequently in Jun-05. However, due to continued losses and liquidity problems (at the time of launch of GSM services), QTL again approached its lenders for rework of the earlier sanctioned restructuring package, which was approved by CDR Empowered Group in Aug-09, with cut-off date as April 01, 2009. In-line with the last approved CDR terms, Videocon group was inducted as the new strategic investor and subsequently a new management team was set-up.

### Deterioration in the financial risk profile of Videocon group from which QTL derives operational and financial support:

After taking over the reins of the business of QTL in 2009, the Videocon group has regularly supported the company to fund its capex and other operational needs. The Videocon group, through its flagship company-Videocon Industries Limited (VIL), has presence in varied business verticals such as oil & gas, consumer electronics and telecommunications.

<sup>2</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.

However, the financial risk profile of VIL has deteriorated lately, with the company reporting net loss of Rs. 2,186 crore on a total income of Rs.14,326 crore in FY15 as compared with PAT of Rs.5,120 crore on a total income of Rs.34,571 crore in FY14, at a consolidated level. Further, on a standalone basis, VIL reported cash losses of Rs.1,145 crore in FY15 as against cash profits of Rs.6,656 crore in FY14.

After taking over the reins of the business, Videocon group has supported QTL to fund its capex needs and also other operational expenses. As on March 31, 2017, the total financial support from Videocon group stood at Rs.1470.27 cr. which increased from Rs.1440.89 cr. as on March 31, 2016.

**Analytical Approach:** Standalone

#### Applicable Criteria

[CARE's policy on default recognition](#)

[Rating Methodology for Service Sector Companies](#)

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

[Criteria for short term instruments](#)

#### About the Company

Quadrant Televentures Limited (QTL) was incorporated in August 1946 by the name- The Investment Trust of India Limited (ITIL). The name of the company was changed to HFCL Infotel Limited (HIL) in May 2003. In August 2009, the ownership of HIL was transferred to the Videocon group, subsequent to which, the company was rechristened as QTL. Currently, the Videocon group holds majority stake (49.47%) in QTL through an entity promoted by it.

QTL is a Unified Access Services (UAS) Licensee in the Punjab Telecom Circle comprising of the state of Punjab, Chandigarh and Panchkula. The company started its operations as a fixed line service provider under the brand name 'Connect' in the year 2000. It was later granted UAS License in the Punjab Telecom Circle (including Chandigarh and Panchkula) in 2003 subsequent to which it launched its CDMA based mobile services under the brand name 'Ping' (from September 2007) and GSM-based mobile services in March 2010. Currently, QTL is providing Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services and CDMA Mobile Services in the Punjab Telecom Circle (including Chandigarh and Panchkula). The company discontinued its GSM business operations from February 15, 2017.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	561.12	530.61
PBILDIT	30.01	9.40
PAT	-134.81	-152.08
Overall gearing (times)	NM	NM
Interest coverage (times)	1.10	0.32

A: Audited; NM: Not Meaningful

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

**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](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.

#### Analyst Contact:

Name: Mr Sudeep Sanwal

Tel: 0172-4904002

Cell: +91 9958043187

Email: [sudeep.sanwal@careratings.com](mailto:sudeep.sanwal@careratings.com)

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**About CARE Ratings:**

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**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-Cash Credit	-	-	-	17.22	CARE D
Non-fund-based - ST-BG/LC	-	-	-	24.40	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-Cash Credit	LT	17.22	CARE D	1)CARE B+; Stable; ISSUER NOT COOPERATING* (04-May-17)	-	1)CARE BB+ (08-Feb-16)	1)CARE BB+ (13-Jan-15)
2.	Non-fund-based - ST-BG/LC	ST	24.40	CARE D	1)CARE A4; ISSUER NOT COOPERATING* (04-May-17)	-	1)CARE A4+ (08-Feb-16)	1)CARE A4+ (13-Jan-15)

## CONTACT

### Head Office Mumbai

**Ms. Meenal Sikchi**  
 Cell: + 91 98190 09839  
 E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)

**Ms. Rashmi Narvankar**  
 Cell: + 91 99675 70636  
 E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)

**Mr. Ankur Sachdeva**  
 Cell: + 91 98196 98985  
 E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Mr. Saikat Roy**  
 Cell: + 91 98209 98779  
 E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

### CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

#### AHMEDABAD

**Mr. Deepak Prajapati**  
 32, Titanium, Prahaladnagar Corporate Road,  
 Satellite, Ahmedabad - 380 015  
 Cell: +91-9099028864  
 Tel: +91-79-4026 5656  
 E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

#### BENGALURU

**Mr. V Pradeep Kumar**  
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91 98407 54521  
 Tel: +91-80-4115 0445, 4165 4529  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

#### CHANDIGARH

**Mr. Anand Jha**  
 SCF No. 54-55,  
 First Floor, Phase 11,  
 Sector 65, Mohali - 160062  
 Chandigarh  
 Cell: +91 85111-53511/99251-42264  
 Tel: +91- 0172-490-4000/01  
 Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)

#### CHENNAI

**Mr. V Pradeep Kumar**  
 Unit No. O-509/C, Spencer Plaza, 5th Floor,  
 No. 769, Anna Salai, Chennai - 600 002.  
 Cell: +91 98407 54521  
 Tel: +91-44-2849 7812 / 0811  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

#### COIMBATORE

**Mr. V Pradeep Kumar**  
 T-3, 3rd Floor, Manchester Square  
 Puliakulam Road, Coimbatore - 641 037.  
 Tel: +91-422-4332399 / 4502399  
 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

#### HYDERABAD

**Mr. Ramesh Bob**  
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
 Hyderabad - 500 029.  
 Cell : + 91 90520 00521  
 Tel: +91-40-4010 2030  
 E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)

#### JAIPUR

**Mr. Nikhil Soni**  
 304, Pashupati Akshat Heights, Plot No. D-91,  
 Madho Singh Road, Near Collectorate Circle,  
 Bani Park, Jaipur - 302 016.  
 Cell: +91 – 95490 33222  
 Tel: +91-141-402 0213 / 14  
 E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

#### KOLKATA

**Ms. Priti Agarwal**  
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
 10A, Shakespeare Sarani, Kolkata - 700 071.  
 Cell: +91-98319 67110  
 Tel: +91-33- 4018 1600  
 E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

#### NEW DELHI

**Ms. Swati Agrawal**  
 13th Floor, E-1 Block, Videocon Tower,  
 Jhandewalan Extension, New Delhi - 110 055.  
 Cell: +91-98117 45677  
 Tel: +91-11-4533 3200  
 E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

#### PUNE

**Mr. Pratim Banerjee**  
 9th Floor, Pride Kumar Senate,  
 Plot No. 970, Bhamburda, Senapati Bapat Road,  
 Shivaji Nagar, Pune - 411 015.  
 Cell: +91-98361 07331  
 Tel: +91-20- 4000 9000  
 E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

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