Quadrant Televentures Limited

February 26, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	17.22	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating on the basis of best available information
Short-term Bank Facilities	24.40	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating on the basis of best available information
Total	**41.62 (Rs. Forty One crore and Sixty Two lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Quadrant Televentures Limited (QTL) to monitor the rating vide e-mail communications dated December 04, 2018; January 04, 2019; January 07, 2019; January 14, 2019; January 17, 2019, January 21, 2019; Feb 11, 2019 and numerous phone calls. However, despite our repeated requests, the company 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. The rating on Quadrant Televentures Limited's bank facilities will now be denoted as **CARE D/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 rating.

The rating assigned to the bank facilities of Quadrant Televentures Limited (QTL) takes into account ongoing delays in the servicing of the debt obligation.

Detailed description of the key rating drivers

At the time of last rating on February 01, 2018 the following were the rating weaknesses (updated for the information available from stock exchange)

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 limit has remained overdrawn for more than 30 days.

Financial risk profile marked by declining scale of operations and losses at net level: The total operating income of the company declined by ~57% in FY18 mainly on account of lower sales realized from its internet services segment and lower other income realized due to fair valuation of its Compulsorily Convertible Debentures (CCDs) through profit & loss account in FY18 compared to previous year. Further, due to high operational expenses, the PBILDT margins remained low in FY18 at 3.48% which declined from 74.33% in FY17. The PBILDT margins remained high in FY17 on account of other income realized by the company due to fair valuation of its CCDs. Furthermore, the company remained in losses at the net level of Rs. 300.64 crore (profit of Rs. 520.14 crore in FY17). Due to losses at the net level, the networth of the company remained negative. In 9MFY19 (Unaudited), the total operating income of the company stood at Rs.300.33 cr. (Rs.290.94 cr. in the same period last year) and net loss of Rs.97.73 cr. (net loss of Rs.253.96 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.

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[2]*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*

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. However, the financial risk profile of VIL has deteriorated lately, with the company reporting net loss of Rs. 6553.72 crore on a total income of Rs. 5093.07 crore in FY18 as compared with net loss of Rs. 2550.39 crore on a total income of Rs. 13591.86 crore in FY17, at a consolidated level. Further, on a standalone basis, VIL reported net losses of Rs.5264.04 crore in FY18 as against net losses of Rs.2080 crore in FY17.

Analytical Approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
Financial ratios – Non-Financial Sector
CARE's policy on default recognition
CARE's methodology for service sector companies

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)	FY17 (A)	FY18 (A)
Total operating income	893.61	385.33
PBILDT	664.21	13.42
PAT	520.14	-300.64
Overall gearing (times)	Nm	Nm
Interest coverage (times)	15.76	0.14

A: Audited

Status of non-cooperation with previous CRA: NA

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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****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.

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; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	24.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; 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-Cash Credit	LT	17.22	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (01-Feb-18) 2)CARE B+; Stable; ISSUER NOT COOPERATING* (04-May-17)	-	1)CARE BB+ (08-Feb-16)
2.	Non-fund-based - ST-BG/LC	ST	24.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (01-Feb-18) 2)CARE A4; ISSUER NOT COOPERATING* (04-May-17)	-	1)CARE A4+ (08-Feb-16)

**Issuer did not cooperate; Based on best available information*

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