

Quadrant Televentures Limited

June 16, 2020

Rating

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; Based on best available information
Short term Bank Facilities	24.40	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on 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 had, vide its press release dated February 26, 2019, placed the rating(s) of Quadrant Televentures Limited (QTL) under the 'issuer non-cooperating' category as QTL had failed to provide information for monitoring of the rating. QTL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated April 15, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on February 26, 2019 the following were the rating weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in the servicing of the debt obligations by the company on account of its weak liquidity position. The company has been classified as Non-Performing Asset (NPA) by the bank.

Financial risk profile marked by losses at the net level: The total operating income of the company remained almost flat in FY19 (marginal increase of ~3%). However, due to high operational expenses, the PBILDT margins declined to 0.11% in FY19 from 3.48% in FY18. The company continued to remain in losses at the net level, with a net loss of Rs. 127.72 crore in FY19 (net loss of Rs. 300.64 crore in FY18). Due to losses at the net level, the networth of the company remained negative. In 9MFY20 (Unaudited), the total operating income of the company stood at Rs.355.28 cr. (Rs.300.33 cr. in the same period last year) with a net loss of Rs.105.01 cr. (net loss of Rs. 97.73 cr. in the same period last year).

History of CDR: The debt of the Company was restructured under Corporate Debt Restructuring (CDR) mechanism in Mar04 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 setup.

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. 6760.76 crore on a total income of Rs. 1062.61 crore in FY19 as compared with net loss of Rs. 5264.04 crore on a total income of Rs. 3350.12 crore in FY18, on a standalone basis.

¹Complete 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

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Rating 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)	FY18 (A)	FY19 (A)
Total operating income	385.33	398.69
PBILDT	13.42	0.43
PAT	-300.64	-127.72
Overall gearing (times)	Nm	Nm
Interest coverage (times)	0.14	0.00

A: Audited

Nm: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
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; ISSUER NOT COOPERATING* (26-Feb-19)	1)CARE D (01-Feb-18) 2)CARE B+; Stable; ISSUER NOT COOPERATING* (04-May-17)
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; ISSUER NOT COOPERATING* (26-Feb-19)	1)CARE D (01-Feb-18) 2)CARE A4; ISSUER NOT COOPERATING* (04-May-17)

*Issuer did not cooperate; Based on best available information

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.

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