



## Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

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CIN: L74899DL1995PLC069353

10<sup>th</sup> August 2017

**National Stock Exchange of India Limited.**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra ( E ), Mumbai – 400051  
**Scrip - ORTEL**

**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400001  
**Scrip code – 539015**

Dear Sir/ Madam,

**Subject : Clarification from Ortel Communications Ltd on Bank Debt Rating issued by CARE**

Subsequent to the bank debt rating released by CARE on 27<sup>th</sup> July 2017, the company provided the required data and documents, as a result, CARE has issued revised rating yesterday (copy attached), where it has removed the term 'Issuer not cooperating'.

The latest status of bank facilities is clarified as below:

1. **Long Term Banking Facilities:** - Cleared all dues of banks till 21<sup>st</sup> of June'17. The outstanding amount including principal and interest from 22<sup>nd</sup> June till date is Rs1.93 crore.
2. **Short Term Banking Facilities:** - Paid all dues up to date on working capital facility.

The Company has been aggressively working towards improving its operational and financial performance which should enable the Company to meet its debt repayment obligations in future.

This is for your information and record.

Thanking You,

For Ortel Communications Ltd

Authorised Signatory

Attached: Rating copy.

CARE/KRO/RR/2017-18/1254

**Shri Bibhu Prasad Rath**  
CEO  
**Ortel Communications Ltd**  
C-1 Chandrasekharapur, Behind RMRC,  
Near BDA Colony  
Bhubaneswar-751016, Odisha

August 9, 2017

Dear Sir,

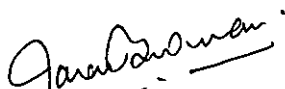
**Credit rating of Ortel Communications Limited**

Please refer to our letter dated August 7, 2017, on the above subject.

2. The rationale for the ratings is attached as an **Annexure - I**.
3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by August 9, 2017, we will proceed on the basis that you have no comments to offer.

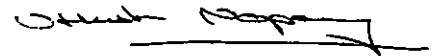
If you have any further clarifications, you are welcome to approach us.

Thanking you,  
Yours faithfully,

  
(Rohan Burman)

Manager

Encl: As above



(Utkarsh Nopany)

Senior Manager

**CARE Ratings Limited**  
(Formerly known as Credit Analysis & Research Limited)

**Rating Rationale**  
**Ortel Communications Limited**

**Ratings**

| Facilities <sup>@</sup>    | Amount<br>(Rs. crore)  | Rating <sup>1</sup>   | Rating Action                                      |
|----------------------------|--|-----------------------|--|
| Long term Bank Facilities  | 32.00  | CARE D;<br>(Single D) | Reaffirmed and removed from issuer not cooperating |
| Long term Bank Facilities  | 7.98   | CARE C;<br>(Single C) | Reaffirmed and removed from issuer not cooperating |
| Short term Bank Facilities | 20.00  | CARE D;<br>(Single D) | Reaffirmed and removed from issuer not cooperating |
| <b>Total</b>               | <b>59.98</b><br><b>(Rs. Fifty nine crore and ninety eight lakh only)</b> |                       |  |

<sup>@</sup> Details of facilities in Annexure-1

**Detailed Rationale & Key Rating Drivers**

The ratings continue to be constrained on account of continued delays in service of debt obligations of the company due to stretched liquidity position on the back of moderation in financial performance in FY17 coupled with high debt repayment obligation. Improvement in financial performance and liquidity position will be the key rating sensitivities to be monitored in the future.

**Detailed description of the key rating drivers**

**Key Rating Weaknesses**

**Delays in debt servicing due to moderation in financial performance in FY17 coupled with high debt repayment obligation:** OCL reported PAT of Rs.1.43 crore in FY17 (as against Rs.11.93 crore in FY16) on total operating income of Rs.207.21 crore (as against Rs.189.23 crore in FY16). The moderation in profit is mainly due to a) pricing pressure in the broadband segment due to competition pressure, b) lower carriage revenue in regional language segment, c) higher provisioning for bad debt, d) sharp decline in revenue of high-margin infrastructure leasing

*Amr*

*1/1*

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications  
\*Issuer did not cooperate; Based on best available information

segment and e) higher capital charge. Moderation in profitability and high debt repayment obligation resulted in stretched liquidity position of the company.

**Analytical approach:** The rating is based on standalone financials.

#### **Applicable Criteria**

Policy in respect of Non-cooperation by issuer

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

#### **About the Company**

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

| <b>Brief Financials (Rs. crore)</b> | <b>FY16 (A)</b> | <b>FY17(A)</b> |
|-------------------------------------|-----------------|----------------|
| Total operating income              | 189.23          | 207.21         |
| PBILDT                              | 59.68           | 55.08          |
| PAT                                 | 11.93           | 1.43           |
| Overall gearing (times)             | 1.34            | 1.25           |
| Interest coverage (times)           | 2.53            | 2.18           |

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

**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](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.

*Amari*

*S.S*

**CARE Ratings Limited**  
(Formerly known as Credit Analysis & Research Limited)

### 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      | -                | -           | Dec 2022      | 32.00                         | CARE D                                    |
| Fund-based - ST-Bank Overdraft | -                | -           | -             | 20.00                         | CARE D                                    |
| Fund-based - LT-Term Loan      | -                | -           | Feb 2023      | 7.98                          | CARE C                                    |

### 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-Term Loan              | LT              | 32.00                          | CARE D | 1)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; ISSUER NOT COOPERATING* (27-Jul-17) | 1)CARE A3 (05-Jul-16)                     | -   | -   |
| 3.      | Fund-based - LT-Term Loan              | LT              | 7.98                           | CARE C | 1)CARE C; ISSUER NOT COOPERATING* (27-Jul-17) | -   | -   | -   |

#### 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.

*(Signature)*

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