



Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

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CIN: L74899DL1995PLC069353

10th 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
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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 27th 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 21st of June'17. The outstanding amount including principal and interest from 22nd 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.

Bibhu Prasad Nath

CEO

Ortel Communications Limited

C-1, Chandrasekharpur, Behind RMRC,

Near BDA Colony

Bhubaneswar-751016

July 26, 2017

Confidential

Dear Sir,

Credit Rating of bank facilities

1. This is with reference to our rating agreement dated May 3, 2016, wherein you had agreed to provide information and pay annual surveillance fee for CARE to monitor and conduct the surveillance/review of the rating over the lifetime of rated bank facilities.
2. In the absence of adequate co-operation from your end despite repeated requests, CARE has reviewed the ratings as follows:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	32.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Long term Bank Facilities	7.98	CARE C; ISSUER NOT COOPERATING* (Single C; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Short term Bank Facilities	20.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE A3 (A Three) on the basis of best available information
Total	59.98 (Rs. Fifty nine crore and ninety eight lakh only)		

3. We would be issuing a Press Release shortly to inform the regulators, investors and public at large. A draft of the Press Release is enclosed.


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

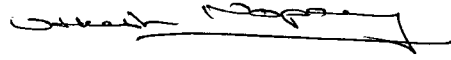
CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

Thanking you,
Yours faithfully,



Rohan Burman
Deputy Manager
manish.damani@careratings.com



Urkarsh Nopany
Manager
utkarsh.nopany@careratings.com

Encl.: As above

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.

Ortel Communication Limited
Press Release

Ratings

Facilities [@]	Amount (Rs. crore)	Rating ²	Rating Action
Long term Bank Facilities	32.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Long term Bank Facilities	7.98	CARE C; ISSUER NOT COOPERATING* (Single C; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information
Short term Bank Facilities	20.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE A3 (A Three) on the basis of best available information
Total	59.98 (Rs. Fifty nine crore and ninety eight lakh only)		

[@] Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ortel Communications Limited (OCL) to monitor the ratings vide e-mail communications/letters dated May 16, 2017; May 23, 2017; June 1, 2017; June 30, 2017; July 7, 2017; July 14, 2017; July 18, 2017 and numerous phone calls. However, despite our repeated requests, OCL 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. Further, OCL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on OCL's bank facilities will now be denoted as **CARE D/CARE C; 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 ratings.

The ratings have been revised on account of delay in debt servicing obligation due to stretched liquidity position of the company on the back of moderation in financial performance in FY17.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications
² Issuer did not cooperate; Based on best available information

Detailed description of the key rating drivers

The revision in the ratings assigned to the bank facilities of OCL takes into account delay in debt servicing obligation due to stretched liquidity position of the company on the back of moderation in financial performance in FY17. Improvement in financial performance and liquidity position will be the key rating sensitivities in the future.

Moderation in financial performance in FY17: 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 sharp decline in revenue of high-margin infrastructure leasing segment and higher capital charge. The liquidity position of the company became tight due to decline in operating cash flow and high debt repayment obligation.

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.

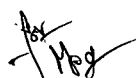
Brief Financials (Rs. crore)	FY16 (A)	FY17(A)
Total operating income	189.23	207.21
PBILDT	59.68	55.08
PAT	11.93	1.43
Overall gearing (times)	1.34	1.25
Interest coverage (times)	2.53	2.18

Status of non-cooperation with previous CRA: Not applicable

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.

Analyst Contact:

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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.

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.

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Annexure-1: Details of 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; ISSUER NOT COOPERATING
Fund-based - LT-Term Loan	-	-	Jan-2022	7.98	CARE C; ISSUER NOT COOPERATING
Fund-based - ST-Bank overdraft	-	-	-	20.00	CARE D; ISSUER NOT COOPERATING

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 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; ISSUER NOT COOPERATING*	1)CARE BBB-; (5-Jul-16)	-	-
2.	Fund-based - LT-Term Loan	LT	7.98	CARE C; ISSUER NOT COOPERATING*	1)CARE BBB-; (5-Jul-16)	-	-
3.	Fund-based - ST-Bank overdraft	ST	20.00	CARE D; ISSUER NOT COOPERATING*	1)CARE A3; (5-Jul-16)	-	-

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