



Issue Size # Shares	1,20,00,000
Issue Size (funds raised Rs Cr)	217.2- 240
Price band	181-200
Issue opens	03-Mar-15
Issue Closes	05-Mar-15
Minimum Application	75
Multiple Application	75
Maximum in retail	1000
HNI's maximum of Listing	not more than 10% BSE / NSE

Ortel Communication Ltd (OCL) is an Odisha based company which is a regional cable television service provider engaged in distribution of analog and digital cable, Broadband and VoIP services. Operates in the states of Odisha, Chhattisgarh, Andhra Pradesh and West Bengal. Its services are provided under the brand names Ortel Home Cable, Ortel Digital and Ortel Broadband which is a triple play for the OCL. As on Dec 31, 2014, 87% per cent of its cable subscriber base was on its own 'last mile' network.

OCL has streamlined growth from the inorganic route where it has acquired the Local cable operators (LCO) subscriber base giving it ample of leverage to capture those markets; however the acquisition of these LCO would be done at a premium. We are of the opinion that Cable and Television business is very price sensitive as the end consumer would look to get value for money and in the process to acquire a larger subscriber base we could witness pricing competition affecting profit margins to some extent. Competition in the space is quite high as Direct to home players too compete in this space who don't need as much infrastructure investments as does a player such as Ortel.

ARPU have been the highest for OCL in the broadband space, We believe that per unit revenues from the broad band subscription would diminish given existing Telco players and cable providers present in this spaces who too would be fighting to gain market share bringing prices down for all.

OCL currently offers services in 48 towns and certain adjacent semi urban and rural areas with over 21,600 kilometres of cables supported by 34 analog head-ends and five digital head-ends. As of Dec 31, 2014, it had 3,72,979 retail subscribers for its analog cable television services, 95,295 retail subscribers for digital cable television services and 58,277 broadband retail subscribers.

Ortel's operational income for 6mths FY15 was ₹704mn with net profit of ₹6mn. In the first half of FY15, 56% revenues were generated from cable subscription fees and 18.8% from Internet subscription fees. The company has shown profitability in these 6mths however one would have to review this in the light of the full year. In FY14, it reported revenues of ₹1285mn with net loss of ₹121mn. FY13 OCL operational revenues came in at 1198mn with a net loss of 250.9mn.

Given the strong dominance of the established players in the cable and television space with the likes of Dish TV, DENnetworks, Hathway Cables together with broadband and internet services would also see competition creeping up from Telco space. We believe that the task to eliminate the secondary point strategy which is the franchise model adopted by the existing Multi-service operators (MSO) could see an alteration going ahead. Lastly lower barrier to entry in the Cables and television space along with the higher competition do not make the subscription attractive for a sizable investment. We would recommend avoiding the issue at present as there are better opportunities in the markets.

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