



## Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

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CIN: L74899DL1995PLC069353

10<sup>th</sup> February, 2018

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: OUTCOME OF THE BOARD MEETING OF THE COMPANY HELD ON 10<sup>TH</sup> FEBRUARY, 2018 FOR THE QUARTER ENDED 31<sup>ST</sup> DECEMBER, 2017 OF FY 2017-18

The Board of Directors of the Company at its meeting held on today, Saturday, 10<sup>th</sup> February, 2018 discussed and approved inter alia, the following items along with other agenda items:

1. The unaudited financial results of the Company for the quarter ended 31<sup>st</sup> December, 2017 of FY 2017-18 pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,
2. Press release and Presentation on un-audited financial result of the Company for the quarter ended 31<sup>st</sup> December, 2017 of FY 2017-18 to be issued to Stock Exchanges, Media and Analysts.

This is for your information and record.

Thanking You,  
For Ortel Communications Ltd.

Bidu Bhusan Dash  
Company Secretary & Compliance Officer



**Ortel Communications Limited**  
Registered Office: B7/122A, Safdarjung Enclave, New Delhi - 110029  
Corporate Office: C-1, BDA Colony, Chandrasekharpur, Bhubaneswar, Odisha - 751016

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2017**

Particulars	(Rs. in Lakh)					
	Quarter ended			Nine Months ended		
	31-Dec-17 (Unaudited)	30-Sep-17 (Unaudited)	31-Dec-16 (Unaudited)	31-Dec-17 (Unaudited)	31-Dec-16 (Unaudited)	
<b>1. Income</b>						
(a) Income from Operations	4,362.66	4,410.30	5,179.62	13,451.74	15,586.05	
(b) Other Income	130.86	68.12	67.88	231.38	173.69	
<b>Total Income</b>	<b>4,493.52</b>	<b>4,478.42</b>	<b>5,247.50</b>	<b>13,683.12</b>	<b>15,759.74</b>	
<b>2. Expenses</b>						
(a) Programming Cost	1,118.07	1,112.27	918.46	3,382.52	2,779.76	
(b) Bandwidth Cost	493.12	434.54	439.14	1,366.88	1,247.23	
(c) Employee Benefits Expense	522.67	513.05	630.89	1,575.55	1,857.73	
(d) Finance Costs	719.19	728.59	690.50	2,153.25	1,990.27	
(e) Depreciation and Amortisation Expense	696.81	680.17	613.91	2,022.52	1,730.04	
(f) Fixed Assets Written Off	103.63	86.26	120.16	271.78	387.41	
(g) Other Expenses	1,496.41	1,498.48	2,017.75	4,427.38	5,706.39	
<b>Total Expenses</b>	<b>5,149.91</b>	<b>5,053.36</b>	<b>5,430.81</b>	<b>15,199.88</b>	<b>15,698.83</b>	
<b>3. Profit/(Loss) before exceptional items and tax (1-2)</b>	<b>(656.39)</b>	<b>(574.94)</b>	<b>(183.31)</b>	<b>(1,516.76)</b>	<b>60.91</b>	
<b>4. Exceptional Items - (Income)/Expense</b>	-	-	-	-	-	
<b>5. Profit/(Loss) before tax (3-4)</b>	<b>(656.39)</b>	<b>(574.94)</b>	<b>(183.31)</b>	<b>(1,516.76)</b>	<b>60.91</b>	
<b>6. Tax Expense</b>						
- Current Tax	-	-	65.74	-	172.57	
- Deferred Tax	-	-	9.55	-	(61.50)	
<b>7. Profit/(Loss) after tax (5-6)</b>	<b>(656.39)</b>	<b>(574.94)</b>	<b>(258.60)</b>	<b>(1,516.76)</b>	<b>(50.16)</b>	
<b>8. Other Comprehensive Income / (Expense)</b>						
Items that will not be reclassified to Profit or loss (net of tax)	2.68	5.09	56.18	11.92	252.57	
<b>9. Total Comprehensive Income / (Expense) after tax (7+8)</b>	<b>(653.71)</b>	<b>(569.85)</b>	<b>(202.42)</b>	<b>(1,504.84)</b>	<b>202.41</b>	
<b>10. Paid-up Equity Share Capital (face Value Rs. 10/- each)</b>	<b>3,047.69</b>	<b>3,047.69</b>	<b>3,036.54</b>	<b>3,047.69</b>	<b>3,036.54</b>	
<b>11. Earnings per Equity Share (in Rs.)</b>						
Basic	*(2.15)	*(1.89)	*(0.85)	*(4.98)	*(0.17)	
Diluted	*(2.15)	*(1.89)	*(0.85)	*(4.98)	*(0.16)	

\* Not annualised



SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

(Rs. in Lakh)

Particulars	Quarter ended			Nine Months Ended	
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>1. Segment Revenue</b>					
a) Cable TV	3,428.26	3,545.45	3,892.78	10,679.91	11,712.98
b) Broadband	521.45	505.59	890.74	1,636.68	2,828.20
c) Infrastructure Leasing	273.45	284.03	320.87	845.20	819.22
d) Unallocated	139.50	75.23	75.23	289.95	225.65
	<b>4,362.66</b>	<b>4,410.30</b>	<b>5,179.62</b>	<b>13,451.74</b>	<b>15,586.05</b>
<b>Net Income from Operations</b>					
<b>2. Segment Results</b>					
a) Cable TV	1,306.36	1,216.25	1,495.22	4,080.43	4,853.00
b) Broadband	110.68	134.37	350.97	524.94	1,437.99
c) Infrastructure Leasing	245.76	254.41	288.22	764.45	794.46
d) Unallocated	26.89	29.11	29.07	85.07	87.21
	<b>1,689.69</b>	<b>1,634.14</b>	<b>2,163.48</b>	<b>5,454.89</b>	<b>7,172.66</b>
<b>Total</b>	719.19	728.59	690.50	2,153.25	1,990.27
Less: i) Finance Costs	1,626.89	1,480.49	1,656.29	4,818.41	5,121.48
ii) Other Un-allocable Expenditure (net)	(656.39)	(574.94)	(183.31)	(1,516.76)	60.91
<b>Total Profit/(Loss) Before Tax</b>					
<b>3. Segment Assets</b>					
a) Cable TV	22,838.66	22,050.17	18,241.33	22,838.66	18,241.33
b) Broadband	2,693.22	2,719.41	2,750.12	2,693.22	2,750.12
c) Infrastructure Leasing	2,218.16	2,261.47	2,119.89	2,218.16	2,119.89
d) Unallocated	25,968.03	25,987.45	25,934.78	25,968.03	25,934.78
	<b>53,718.07</b>	<b>53,018.50</b>	<b>49,046.12</b>	<b>53,718.07</b>	<b>49,046.12</b>
<b>Total Segment Assets</b>					
<b>4. Segment Liabilities</b>					
a) Cable TV	10,098.54	9,674.14	7,450.24	10,098.54	7,450.24
b) Broadband	1,026.49	802.71	428.78	1,026.49	428.78
c) Infrastructure Leasing	1,158.85	1,314.99	1.35	1,158.85	1.35
d) Unallocated	31,417.07	30,406.40	28,850.54	31,417.07	28,850.54
	<b>43,700.95</b>	<b>42,198.24</b>	<b>36,730.91</b>	<b>43,700.95</b>	<b>36,730.91</b>
<b>Total Segment Liabilities</b>					

Orange Communications Limited  
Mysore

**NOTES:**

- 1 The above unaudited results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on 10th February, 2018.
- 2 Results for the quarter and nine months ended 31st December, 2017 are in compliance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs (MCA). Consequently, results for the corresponding quarter and nine months ended 31st December, 2016 have been restated to comply with Ind AS, to make them comparable.
- 3 Reconciliation of results between previous Indian GAAP and Ind AS is as follows:

Particulars	Amount (Rs. In Lakh)	
	Quarter ended 31st December, 2016	Nine Months ended 31st December, 2016
<b>Net profit as per previous Indian GAAP (Published)</b>	<b>(277.91)</b>	<b>62.30</b>
Ancillary borrowing costs' treatment as per the Effective Interest Rate method	(3.19)	(9.25)
Connection fee revenue being deferred and amortised over customer relationship period (net of sales incentive on new connections)	57.29	(115.37)
Reversal of amortization of Non Compete Fee recognised on acquisition of Local Cable Operators (LCOs)	10.67	24.93
Finance cost recognised on deferred payment terms to LCOs as per Effective Interest Rate method	(40.56)	(84.67)
Reversal of Amortisation of Goodwill	3.04	9.61
Actuarial remeasurement of Defined Benefit Obligation taken to other comprehensive income	1.25	3.73
Employee stock option plan measured at fair value	-	(4.93)
Other Ind AS adjustments	0.36	1.99
Deferred Tax impact of adjustments (net) on above	(9.55)	61.50
<b>Net Profit before OCI as per Ind AS</b>	<b>(258.60)</b>	<b>(50.16)</b>
Other Comprehensive Income after tax	56.18	252.57
<b>Total Comprehensive Income after tax as per Ind AS</b>	<b>(202.42)</b>	<b>202.41</b>

- 4 The Statutory Auditors of the Company have carried out the Limited Review of the results for the quarter and nine months ended 31st December, 2017. The Ind AS compliant financial results pertaining to the corresponding quarter and nine months ended 31st December, 2016 have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.
- 5 The Segment information has been prepared in line with the review of operating results by the Chief Operating Decision Maker ("CODM"), as per Ind AS 108 "Operating Segments". The Company is engaged in the businesses of (i) Cable TV, (ii) Broadband Service, (iii) Infrastructure Leasing (IFL) and operates in domestic market only.
- 6 Previous period figures have been rearranged/regrouped/reclassified, wherever necessary, to make them comparable with those of current period.

For and on behalf of the Board of Directors

Jagi Mangat Panda  
Managing Director  
DIN:-00304690



Place: Bhubaneswar  
Date: 10th February, 2018

**Review Report to**  
**The Board of Directors**  
**Ortel Communications Limited**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **Ortel Communications Limited** ('the Company') for the quarter and nine months ended 31<sup>st</sup> December, 2017 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated 30<sup>th</sup> November, 2015 and Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As stated in Note No. 4 to the Statement, figures pertaining to the quarter and nine months ended 31<sup>st</sup> December, 2016 have not been subjected to limited review or audit. Further, reconciliation of net profit for the quarter and nine months ended 31<sup>st</sup> December, 2016 under Ind AS with the net profit for that quarter and nine months reported under previous Indian GAAP, as per Note No. 3 to the statement, has not been subjected to limited review or Audit.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid accounting standard and other recognised accounting practices and policies has not disclosed



# HARIBHAKTI & CO. LLP

Chartered Accountants

the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated 30<sup>th</sup> November, 2015 and Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

*A. K. Jhunjunwala*

Anand Kumar Jhunjunwala

Partner

Membership No.: 056613



Kolkata

10<sup>th</sup> February, 2018

## **Ortel Communications Ltd. announces Q3 FY2018 Results**

### **Q3 FY18**

**Total Revenues at Rs. 449 million, Total Subscribers at 827,724**

**Cable TV Revenues came in at Rs. 343 million in Q3 FY18**

**Broadband Revenues stood at Rs. 52 million in Q3 FY18**

**Bhubaneshwar, February 10, 2018:** Ortel Communications (Ortel), one of the leading cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal, announced its financial results for the quarter ended December 31, 2017.

#### **Q3 FY2018 performance overview compared with Q3 FY2017**

- Total Income stood at Rs. 449 million from Rs. 539 million
- EBITDA came in at Rs. 86 million compared to Rs. 136 million
  - EBITDA margin stood at 19.2%
- Net Loss stood at Rs. 66 million compared to Rs. 15 million
- EPS amounted to Rs. (2.15) per share

**Commenting on the performance, Mr. Bibhu Prasad Rath, President & CEO at Ortel Communications said:**

*“Our Q3 performance has to be seen in light of continuous challenges faced by us in the form of delay in collections, higher competitive intensity in the market place as well as issues pertaining to debt repayment. We are consciously working on all these parameters and our objective is to improve our overall performance in the future.*

*Our receivable days during the quarter further deteriorated due to multiple challenges on ground. The management is actively reviewing the details in the context of Analog-to-Digital conversions as well as integration challenges, and if required will take affirmative step in Q4 to reduce the Debtor Days. This may significantly impact our P/L in Q4. However, this will help us to start afresh in FY19 and restore our business momentum. Moreover, initiatives undertaken in the Broadband business will result in lesser churn & higher sales thereby limiting further fall in the subscriber base.*

*Overall, we continue to believe in our B2C focused ‘last mile’ business model which enables us to be directly connected with our customers. This gives us comfort and confidence that we will be able to turnaround our business.”*

**- ENDS -**

## About Ortel Communications Limited (ORTEL)

Ortel Communications (NSE Code: ORTEL; BSE Code: 539015) is a leading cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal. The Company has built a two-way communication network for 'Triple Play' services (video, data and voice capabilities) with control and focus over the 'last mile' network. Ortel has pioneered the primary point cable business model in India by offering digital and analog cable television, broadband and VAS services. The Company has a dominant position in Odisha, with emerging presence in Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana and West Bengal, covering an addressable market of close to 5 million homes. The business is broadly divided into cable television services comprising of analog cable television services, digital cable television services including other value added services such as HD services, near video on demand (NVoD), gaming and local content. Other focused business segments include broadband services, leasing of fibre infrastructure and signal uplinking services.

## For further information, please contact:

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## Disclaimer:

*Certain statements made in this release may not be based on historical information or facts and may be "forward looking statements", including those relating to the business, financial performance, strategy and results of the Company and/or the industry in which it operates. The forward-looking statements contained in this release are based on numerous assumptions and are uncertain and subject to risks. A multitude of factors including, but not limited to, changes in demand and competition, can cause actual events, performance or results to differ significantly from any anticipated development. The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors and do not accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. Forward-looking statements speak only as of the date of this presentation. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.*



# ***Presentation Follows.....***

**'BRINGING CONVERGENCE TO INDIA'**

**Ortel Communications Ltd.**

Q3 FY2018 Earnings Presentation – February 10, 2018

# Disclaimer



*Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements”, including those relating to the business, financial performance, strategy and results of the Company and/or the industry in which it operates. The forward-looking statements contained in this presentation are based on numerous assumptions and are uncertain and subject to risks. A multitude of factors including, but not limited to, changes in demand and competition, can cause actual events, performance or results to differ significantly from any anticipated development. The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors and do not accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. Forward-looking statements speak only as of the date of this presentation. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.*

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**Segment-wise Performance Overview**

**Region-wise Performance Overview**

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# At a Glance



## LAST MILE

Owens & operates its network

66,337\*

Kilometers of cable network

## RIGHT OF WAY

Legal 'rights of way' for entire network

1,353,589

Estimated homes reached

## B2C

Direct customer access leads to greater control

827,724

Total Subscribers

## TWO-WAY

Network enabled for 'Triple Play' (video, data and voice)

88%

Subscriber base on 'last mile' network

21%

EBITDA margin

7%

Total broadband subscribers

12%

Revenue contribution from broadband

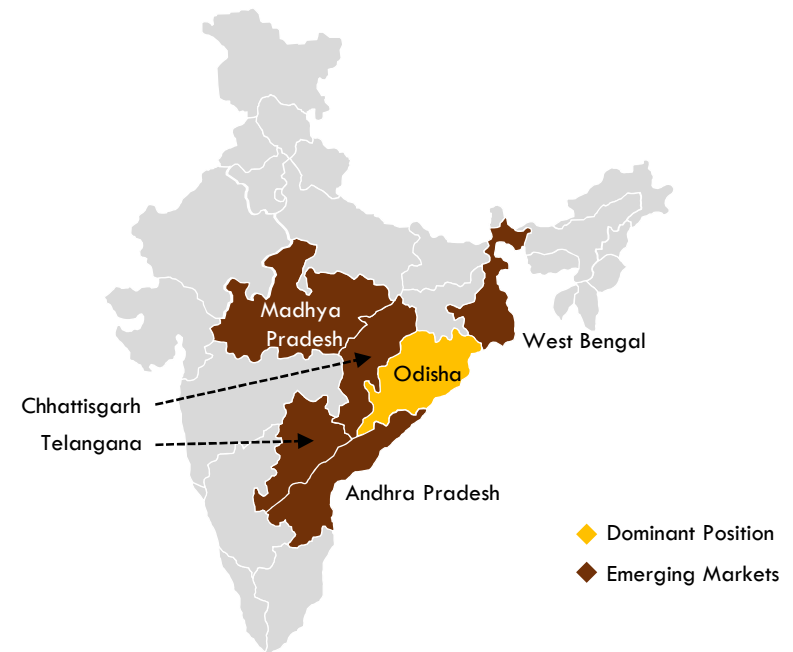
*Note: Figures highlighted above are as on December 31, 2017*

\* Total Owned Network Length also includes the last mile Drop Cable Network

# Ortel: One of the leading Players in the Cable TV and Broadband Industry with Direct to Consumer Offering



- One of the leading cable television and broadband providers focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal
  - Rapidly growing markets with maximum headroom for growth in the cable TV and broadband industry
- Direct to consumer business model with full control over the ‘last mile’
  - Over 88% of the subscriber base under own network
- Two-way communication network for ‘Triple Play’ service delivery (video/ TV, data/ broadband and voice capabilities)
  - HFC network (combination of optic fibre in the backbone and coaxial cable in the downstream) with legal ‘rights of way’ for laying network
  - Providing broadband at speed of up to 100 mbps through use of cable modem with DOCSIS 3.0 technology
- Grown both organically and inorganically – through buyout of network equipment, infrastructure and subscribers of other MSOs and LCOs



Estimated Homes Reached	1,353,589
Total Subscribers	827,724
Cable television subscribers	772,587
Broadband subscribers	55,137

*Note: Data above is as on December 31, 2017*

*Growth through increased penetration, digitization, inorganic acquisition and increased broadband penetration*

# Differentiated Play as Compared to Peers

Operating model in-line with Global Players i.e. B2C, unlike the more prevalent B2B business model in India



## B2B business model faces several challenges

- Current business model of most MSOs in India besides Ortel, is largely based on the B2B platform whereby they operate through franchisees / LCOs and they do not deal with customers directly
- Dependence on LCOs makes MSOs vulnerable to large scale customer churn (essentially LCO churn)
- MSOs and broadcasters get less than their fair share of revenues due to under-reporting by LCOs
- With no access to end-customers, no possibilities of offering additional higher-margin services like broadband
- Over-dependence on placement fees is one of the biggest risks in the B2B business model
- Even in a digitized market, B2B players continue to face challenges on billing, collections and recoveries on investment made in placing STBs in LCO networks and head ends since the point of contact with consumers continues to be the LCO

## Ortel owns & controls the 'last mile'

- Ortel owns / operates its own network and owns 88% of its subscribers
- Ensures legally approved rights of way, superior service, minimal leakages and that the quality of network is uniformly maintained
- Control on billing of subscribers and collections
- Direct collections from customers help in controlling trade receivables and reduce bad debts resulting in better margins and cash flows
- Direct access to consumers limits large scale subscriber churn
- Tripe play network allows the Company to offer full range of services across video, data, voice and network infrastructure leasing for customer's benefit
- Ensure 100% of economics on above services accrues to the Company, thereby enabling efficient capital deployment and maximising the ROI objective

# High Quality Network Infrastructure With Legal 'Rights of Way'



Technology & Network

**66,337\***

**Kms of cable**

Network as on December 31, 2017

**Across**

**75**

**towns**

**Head end**

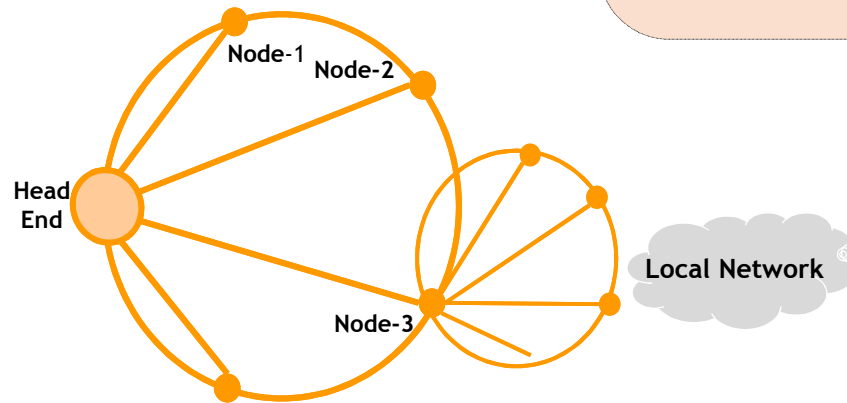
**6**

**Digital**

- Two-way enabled communication network that can provide triple play services of video, data and voice
- Network ready for deployment of digital services without further up gradation
- Legal 'rights of way' for entire network
- Stringent network design parameters and constant upgradation of technology to maintain a high quality of service

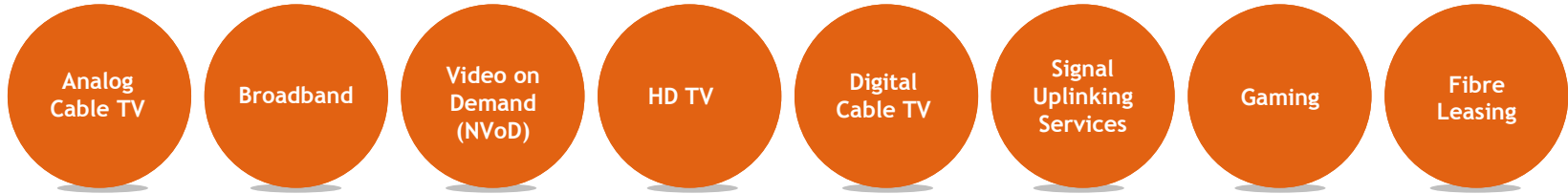
Strong Infrastructure in place...

Fibre optic cable used as a network backbone



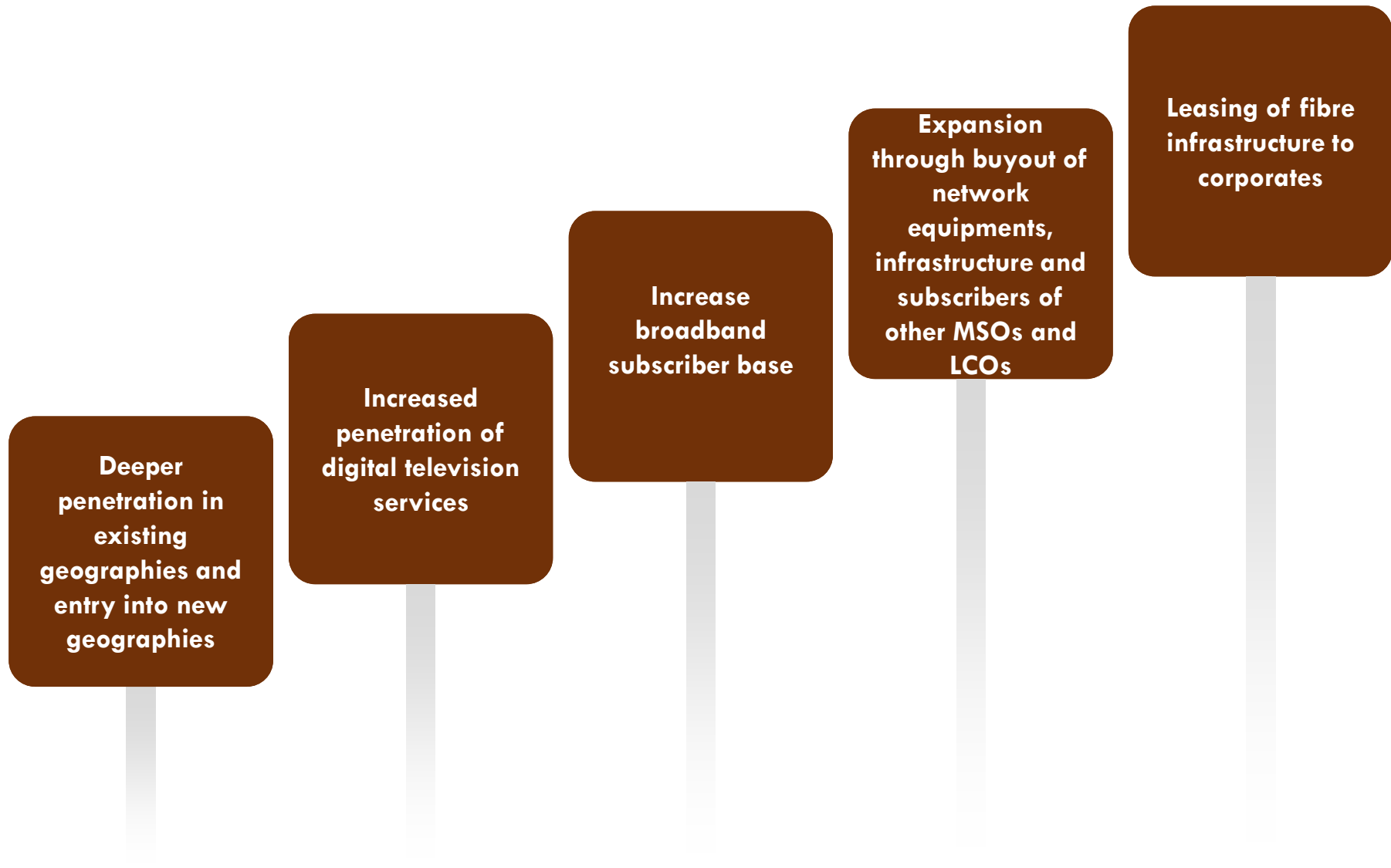
Coaxial cable is used downstream for broadband data and cable systems

...multiple streams of revenues with marginal additional capex

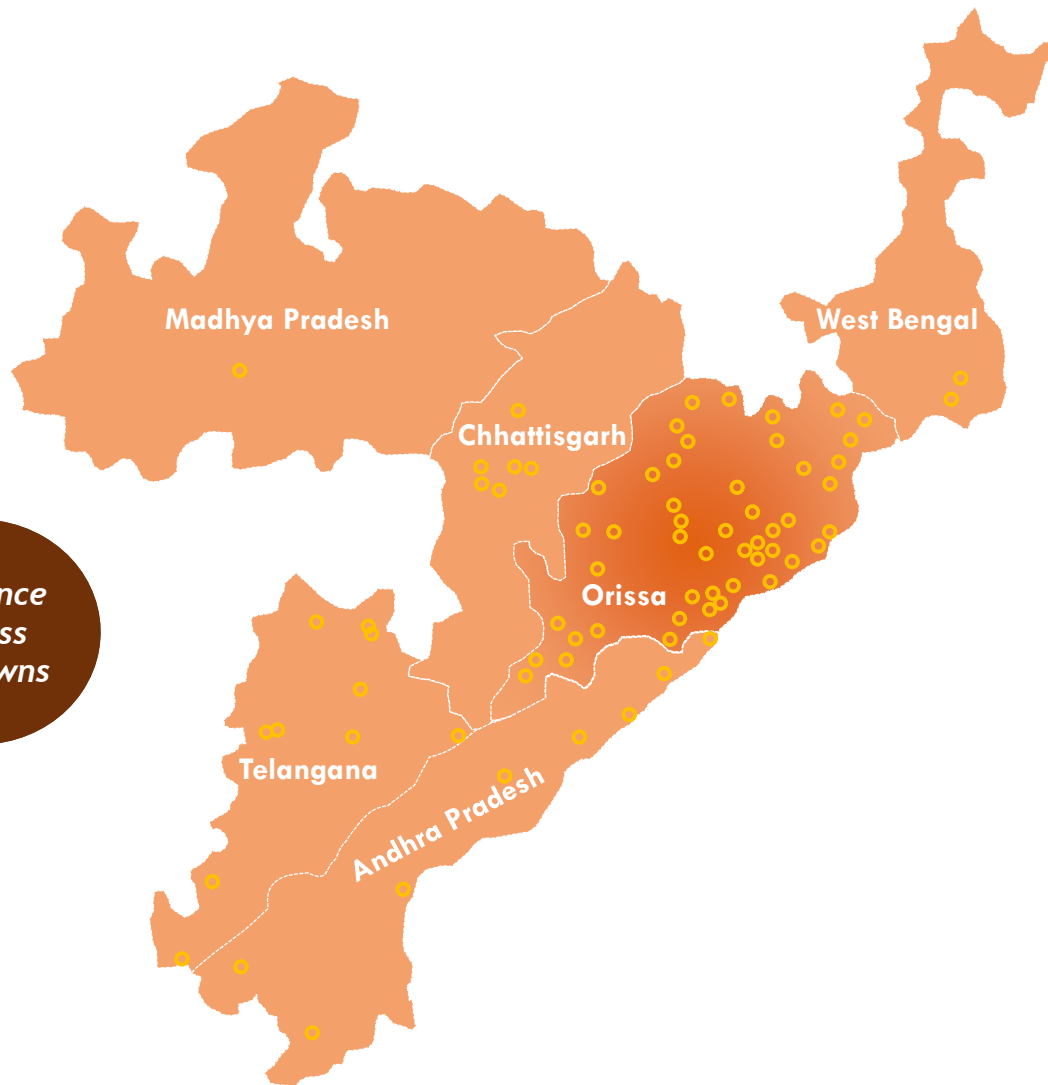


\* Total Owned Network Length also includes the last mile Drop Cable Network

# Growth Strategy



# Strong Traction in Markets outside Odisha



Total Subscribers	827,724
- Odisha	500,275
- Outside Odisha	327,449
- Ratio	60 : 40

Note: As on December 31, 2017

- The Company's Local Cable Operator (LCO) buy-out strategy receiving strong response in states of Andhra Pradesh, Telangana and Chhattisgarh

**Establishing strong Multi-State presence**

# Key Operating Highlights



Particulars	Unit	FY16	FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18
Total Homes Passed	Nos.	11,82,132	13,53,502	13,53,356	13,53,502	13,53,589	13,53,589	1,353,589
Total Subscribers	Nos.	7,01,192	8,23,558	8,11,466	8,23,558	8,17,801	8,31,742	827,724
Subscriber Penetration Ratio	%	59.3%	60.8%	60.0%	60.8%	60.4%	61.4%	61.2%
Inactive Subscribers as a % of Total Subscribers	Nos.	1.9%	3.0%	3.3%	3.0%	4.3%	4.7%	3.3%
Organic Growth (Net of Churn)	%	5.3%	-3.6%	-1.0%	0.7%	-0.4%	-0.7%	-1.3%
<b>Total Cable TV Subscribers</b>	<b>Nos.</b>	<b>6,28,710</b>	<b>7,50,471</b>	<b>7,38,963</b>	<b>7,50,471</b>	<b>7,47,528</b>	<b>7,66,480</b>	<b>7,72,587</b>
<b>Broadband Subscribers (Primary)</b>	<b>Nos.</b>	<b>72,482</b>	<b>73,087</b>	<b>72,503</b>	<b>73,087</b>	<b>70,273</b>	<b>65,262</b>	<b>55,137</b>
Total owned network length*	Kms	55,535	64,685	64,065	64,685	65,309	65,737	66,337
Towns covered	Nos.	70	78	78	78	78	78	75

\* Total Owned Network Length also includes the last mile Drop Cable Network

## Key Operating Highlights (Cont'd.)



Particulars	Unit	FY16	FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18
Cable TV ARPU (Primary)*	INR/ Sub/ Month	151	147	150	147	137	133	124
Broadband ARPU*	INR/ Sub/ Month	398	375	394	375	267	223	263
Average employees	Nos.	1,309	1,801	1,778	1,880	1,800	1,717	1,700
Per user per month data usage	GB	14	18	20	18	23	18	22
Pay Channel cost per cable TV customer	INR/ Sub/ Month	56.82	46.46	41.81	47.67	51.28	48.98	48.43
Pay Channel cost as a % of cable TV subscription	%	43.3%	33.1%	30.6%	36.8%	40.0%	40.0%	42.6%

\*ARPU figures for Q3 FY17 & Q4 FY17 have been reworked to reflect the average for the quarter as compared to YTD average figures mentioned in earlier communications

# Consolidated Summarized Profit & Loss Statement



Particulars (Rs. million)	FY17	FY16	Y-o-Y Growth	Q3 FY18	Q3 FY17	Y-o-Y Growth	Q2 FY18	Q-o-Q Growth
Revenues from operations	2,034	1,877	8.4%	436	532	-18.1%	441	-1.1%
Other Income	38	86	-55.4%	13	7	98.6%	7	92.1%
Total Revenue	2,072	1,963	5.6%	449	539	-16.6%	448	0.3%
Total Expenditure	1,521	1,260	20.7%	363	403	-10.0%	356	2.0%
- Programming Cost	384	375	2.5%	112	92	21.7%	111	0.5%
- Bandwidth Cost (Broadband)	101	59	71.3%	25	27	-5.8%	25	3.6%
- Bandwidth Cost (Digital)	51	6	751.2%	13	12	2.7%	14	-11.7%
- Employee Benefit Expenses	246	225	9.2%	52	63	-17.0%	51	1.9%
- Bad Debt & Provisions	249	160	55.7%	35	83	-57.7%	31	14.9%
- Other Expenses	491	435	12.8%	126	126	-0.3%	124	1.5%
EBITDA (Excluding Other Income)	513	617	-16.9%	73	129	-43.2%	85	-14.1%
EBITDA (Including Other Income)	551	703	-21.6%	86	136	-36.3%	92	-6.2%
EBITDA margin (Excluding Other Income)	25.2%	32.9%	-23.3%	16.8%	24.2%	-30.7%	19.3%	-13.1%
EBITDA margin (Including Other Income)	26.6%	35.8%	-25.8%	19.2%	25.2%	-23.6%	20.5%	-6.5%
Finance Costs	252	236	7.0%	72	60	20.6%	73	-1.3%
Depreciation and Fixed Assets written off	256	282	-9.1%	73	67	10.2%	70	4.2%
Amortization Expense	28	35	-20.6%	7	10	-35.3%	6	6.5%
<b>PBT</b>	14	150	-90.5%	-66	-1	6918.5%	-57	14.2%
<b>PAT</b>	14	119	-88.0%	-66	-15	349.2%	-57	14.2%
PAT Margin	0.7%	6.1%	-88.6%	-14.6%	-2.7%	438.7%	-12.8%	13.8%

Note: Q2 FY18 & Q3 FY18 figures as per Ind-As; other figures as per IGAAP.

# Balance Sheet and Cash Flow Snapshot



Particulars (Rs. million)	As on Dec. 31, 2017	As on Sep. 30, 2017	As on Jun. 30, 2017	As on Mar. 31, 2017	As on Dec. 31, 2016
<b>Assets</b>					
Non-current assets	4,002	4,048	4,120	3,932	3,927
Current assets	1,370	1,254	1,119	1,057	945
<b>Total assets</b>	<b>5,372</b>	<b>5,302</b>	<b>5,239</b>	<b>4,989</b>	<b>4,872</b>
<b>Liabilities</b>					
Shareholders' Funds	1,002	1,082	1,217	1,412	1,402
Non-current liabilities	1,300	1,364	1,308	1,153	1,257
Current liabilities	3,070	2,855	2,714	2,424	2,213
<b>Total Liabilities</b>	<b>5,372</b>	<b>5,302</b>	<b>5,239</b>	<b>4,989</b>	<b>4,872</b>
CAPEX	229	180	96	482	431
Gross Debt	1,849	1,866	1,757	1,747	1,776
Net Debt	1,789	1,809	1,683	1,672	1,718
Networth	1,002	1,175	1,217	1,412	1,402

Note: June 30, 2017, Sept 30, 2017 and Dec 31, 2017 figures as per Ind-As; other figures as per IGAAP. Hence, figures are not comparable to last year

# Key Financial Ratios



Particulars	FY16	FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18
Cable TV gross margin *	71%	73%	77%	67%	65%	65%	64%
Broadband gross margin	82%	71%	69%	63%	59%	51%	51%
EBITDA Margin excluding Other Income	32.9%	25.2%	24.2%	22.0%	23.3%	19.3%	16.8%
EBITDA Margin including Other Income	35.8%	26.6%	25.2%	25.4%	24.2%	20.5%	19.2%
PAT Margin	6.1%	0.7%	-2.7%	1.7%	-6.0%	-12.8%	-14.6%
Net debt to Equity	1.0	1.2	1.2	1.2	1.4	1.5	1.8
Net Debt to EBITDA (LTM)	2.0	3.0	2.8	3.0	3.1	3.5	4.3
Return on shareholder's equity	8.9%	1.0%	NM	2.3%	NM	NM	NM
Return on Capital Employed (pre tax)	13.2%	8.5%	7.3%	6.7%	5.5%	2.0%	0.9%
Receivable Days	61	115	102	115	149	176	194

**Notes:**

1. Return on Shareholder's Equity is calculated as: PAT/ Average Networth. PAT annualized for quarterly calculation.
2. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed. EBIT annualized for quarterly calculation.
3. "NM" denotes Not Measurable
4. Q1 FY18, Q2 FY18 & Q3 FY18 figures as per Ind-As; other figures as per IGAAP.

\*Calculation includes intercity carrying cost for expansion of digital services

## Segment-wise Revenue break-up



Particulars (Rs. million)	FY17	FY16	Y-o-Y Growth	Q3 FY18	Q3 FY17	Y-o-Y Growth	Q2 FY18	Q-o-Q Growth
Connection Fees – Cable TV	138	84	64.7%	22	76	-71.4%	22	-2.7%
Cable Subscription Fees	1,162	866	34.3%	263	300	-12.4%	278	-5.6%
Channel Carriage Fees	296	356	-16.8%	58	75	-22.6%	54	8.3%
<b>Total Cable TV Services Revenue</b>	<b>1,596</b>	<b>1,305</b>	<b>22.3%</b>	<b>343</b>	<b>451</b>	<b>-24.0%</b>	<b>355</b>	<b>-3.3%</b>
Connection Fees – Internet	16	26	-39.9%	4	2	63.5%	4	1.5%
Internet Subscription Fees	338	303	11.4%	48	85	-43.1%	47	3.3%
<b>Total Broadband Services Revenue</b>	<b>353</b>	<b>329</b>	<b>7.3%</b>	<b>52</b>	<b>87</b>	<b>-40.1%</b>	<b>51</b>	<b>3.1%</b>
Income from Infrastructure Leasing	55	213	-74.3%	27	-13	-303.6%	28	-3.7%
Other operating income	30	30	1.1%	14	8	85.5%	8	85.5%
<b>Total Revenue from Operations</b>	<b>2,034</b>	<b>1,877</b>	<b>8.4%</b>	<b>436</b>	<b>532</b>	<b>-18.1%</b>	<b>441</b>	<b>-1.1%</b>

Note: Q2 FY18 & Q3 FY18 figures as per Ind-As; other figures as per IGAAP.

# Region-wise Summarized Statement of Operations



## Core Market (Odisha)

Particulars	FY17	FY16	Y-o-Y Growth	Q3 FY18	Q3 FY17	Y-o-Y Growth	Q2 FY18	Q-o-Q Growth
Total revenues	1,544	1,676	-7.9%	313	379	-17.4%	319	-2.0%
EBITDA	556	779	-28.7%	105	136	-22.8%	109	-4.3%
EBIDTA Margin	36.0%	46.5%	-10.5%	33.5%	35.8%	-2.3%	34.3%	-0.8%
Closing Homes Passed	838,134	803,568	4.3%	838,221	837,988	0.0%	838,221	0.0%
Closing Subscribers	538,032	535,126	0.5%	500,275	539,229	-7.2%	510,823	-2.1%

## Emerging Markets (Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal)

Particulars	FY17	FY16	Y-o-Y Growth	Q3 FY18	Q3 FY17	Y-o-Y Growth	Q2 FY18	Q-o-Q Growth
Total revenues	476	190	150.7%	112	128	-12.9%	116	-3.8%
EBITDA	58	-57	NM	-4	6	NM	6	-174.4%
EBIDTA Margin	12.2%	-29.9%	42.0%	-3.9%	4.4%	-8.3%	5.0%	-8.9%
Closing Homes Passed	515,368	378,564	36.1%	515,368	515,368	0.0%	515,368	0.0%
Closing Subscribers	285,526	166,066	71.9%	327,449	272,237	20.3%	320,919	2.0%

**Note:** 1. The financial figures are before apportionment of corporate common service expenses/revenue

2. Q2 FY18 and Q3 FY18 figures as per Ind-As; other figures as per IGAAP. Hence, it is not comparable to last year

# Management Thrust on Key Operating Parameters



<p><b>Receivable Days</b></p>	<ul style="list-style-type: none"> <li>• Receivable days in Q3 FY18 further increased to 194 as a result of shortfall in collections; expect the receivables days to stabilise in the next one year</li> <li>• The management is reviewing the details in the context of Analog-to-Digital conversions as well as integration challenges, and if required will take affirmative step in Q4 to reduce the Debtor Days</li> <li>• Controlling receivable days is the foremost and the most important priority for the management</li> </ul>	<p><b>Cable TV ARPUs</b></p>	<ul style="list-style-type: none"> <li>• Company is focused on improving the penetration ratio due to which the cable TV ARPUs is expected to remain subdued</li> </ul>
<p><b>Organic Growth in Cable TV Subs / Improving the Penetration Ratio</b></p>	<ul style="list-style-type: none"> <li>• Improving the growth through aggressive organic acquisition in the Cable TV segment remains a key focus area for the management; Penetration ratio in Q3 FY18 stood to 61.2%</li> <li>• As a strategy, pace of inorganic acquisitions would be slowed down</li> </ul>	<p><b>Broadband Subscribers</b></p>	<ul style="list-style-type: none"> <li>• Significant competitive pressures have negatively impacted the Broadband Business. Ortel continues to attractively bundle broadband packages to compete with the newer entrant</li> <li>• Re-launched Broadband Plans to introduce unlimited data starting at Rs. 99/- per month, which will result in lesser churn &amp; higher sales</li> <li>• Broadband will be launched in newer markets going forward</li> </ul>
<p><b>Overall Cost Control</b></p>	<ul style="list-style-type: none"> <li>• Cost Control through focus on controlling the other expenses and improving the overall efficiency has been a key thrust for the management</li> </ul>		

## Q3 FY2018 Financial and Operational Discussions (Y-o-Y)



- Total Revenues stood at Rs. 436 million, down by 18% Y-o-Y
  - Cable TV Revenues came in at Rs. 343 million, while Broadband Revenues stood at Rs. 52 million
- Total Expenditure stood at Rs. 363 million, down by 10% Y-o-Y
  - Programming cost increased to Rs. 112 million from Rs. 92 million in Q3 FY17
  - Bandwidth cost (digital) increased to Rs. 13 million vis-à-vis Rs. 12 million in Q3 FY17 as a result of higher intercity carrying costs for expansion of digital services
  - Employee expenses stood at Rs. 52 million, lower by 17% as compared to the same period last year
  - Bad Debt & Provisions significantly declined to Rs. 35 million from Rs. 83 million last year
  - Other Expenses stood at Rs. 126 million
- EBITDA (including other income) came in at Rs. 86 million
  - EBITDA Margin stood at 19.2%
- Net Loss stood at Rs. 66 million as compared to Rs. 15 million in the corresponding quarter of last year

# Key Developments



- Re-launched Broadband Plans during the quarter
  - Introduced New Unlimited Data Plans starting from Rs. 99/- per month
  - Withdrew all plans below 2 Mbps
  - Introduced high data limit plans at affordable prices - 100 Mbps Terabyte FUP Unlimited plan price slashed by over 50%
  - All this will help to reduce the Broadband churn



**Commenting on the performance, Mr. Bibhu Prasad Rath, President & CEO at Ortel Communications said:**

*“Our Q3 performance has to be seen in light of continuous challenges faced by us in the form of delay in collections, higher competitive intensity in the market place as well as issues pertaining to debt repayment. We are consciously working on all these parameters and our objective is to improve our overall performance in the future.*”

*Our receivable days during the quarter further deteriorated due to multiple challenges on ground. The management is actively reviewing the details in the context of Analog-to-Digital conversions as well as integration challenges, and if required will take affirmative step in Q4 to reduce the Debtor Days. This may significantly impact our P/L in Q4. However, this will help us to start afresh in FY19 and restore our business momentum. Moreover, initiatives undertaken in the Broadband business will result in lesser churn & higher sales thereby limiting further fall in the subscriber base.*

*Overall, we continue to believe in our B2C focused ‘last mile’ business model which enables us to be directly connected with our customers. This gives us comfort and confidence that we will be able to turnaround our business.”*

# Glossary



<b>ARPU</b>	Average Revenue Per User Per Month
<b>B2B</b>	Business to Business
<b>B2C</b>	Business to Consumer
<b>CAGR</b>	Compounded Annual Growth Rate
<b>DOCSIS</b>	Data Over Cable Service Interface Specification
<b>DTH</b>	Direct-to-Home
<b>HFC</b>	Hybrid Fibre Coaxial
<b>LCOs</b>	Local Cable Operators
<b>MSOs</b>	Multi System Operators
<b>NVoD</b>	Near Video on Demand
<b>VoD</b>	Video on Demand
<b>NM</b>	Not Measurable

## Conference Call Details



### Ortel Communications' Q3 FY2018 Earnings Conference Call

Time	<ul style="list-style-type: none"><li>• 02:00 pm IST on Monday, February 12, 2018</li></ul>
Conference dial-in number	<ul style="list-style-type: none"><li>• +91 22 3938 1071</li></ul>
Toll Free Number	<ul style="list-style-type: none"><li>• Hong Kong: 800 964 448</li><li>• Singapore: 800 101 2045</li><li>• UK: 0 808 101 1573</li><li>• USA: 1 866 746 2133</li></ul>



## Ortel Communications Limited (ORTEL)

Ortel Communications (NSE Code: ORTEL; BSE Code: 539015) is a leading cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal. The Company has built a two-way communication network for 'Triple Play' services (video, data and voice capabilities) with control and focus over the 'last mile' network. Ortel has pioneered the primary point cable business model in India by offering digital and analog cable television, broadband and VAS services. The Company has a dominant position in Odisha, with emerging presence in Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana and West Bengal, covering an addressable market of close to 5 million homes. The business is broadly divided into cable television services comprising of analog cable television services, digital cable television services including other value added services such as HD services, near video on demand (NVoD), gaming and local content. Other focused business segments include broadband services, leasing of fibre infrastructure and signal uplinking services.

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