

May 23, 2019

The Government Tele-communication Employees' Co-operative Society Limited: Rating downgraded to [ICRA]D; remains in 'Issuer Not cooperating' category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term bank facilities	669.44	669.44	[ICRA]D ISSUER NOT COOPERATING*; revised from [ICRA]BB-(Negative); Rating remains in 'Issuer Not cooperating' category
Total	669.44	669.44	

* Issuer did not cooperate; Based on best available information

[^] Instrument details are provided in Annexure-1

Rating action

ICRA has revised the rating outstanding on the long-term bank facilities of The Government Tele-communication Employees' Co-operative Society Limited (G-Tec) to [ICRA]D ISSUER NOT COOPERATING (pronounced ICRA D issuer not cooperating) from [ICRA]BB-(Negative) ISSUER NOT COOPERATING (pronounced ICRA double B minus issuer not cooperating with a negative outlook). The rating remains in the 'Issuer Not Cooperating' category and is now denoted [ICRA]D ISSUER NOT COOPERATING.

ICRA has been trying to seek information from G-Tec to monitor its performance. However, the society's management has remained non-cooperative despite repeated requests from ICRA. The current rating action has been taken by ICRA on the basis of the limited information on the issuer's performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as it may not adequately reflect the credit risk profile of the society, despite the downgrade.

Rationale

The rating downgrade follows the delay in debt servicing by G-Tec, as confirmed by the lender.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Policy on default recognition Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of G-Tec

About the company

The Government Tele-communication Employees' Co-operative Society Limited is a multi-state employee credit cooperative society of BSNL and DoT employees. As on March 31, 2016, it had a member base of 15,261 spread across Tamil Nadu, Andhra Pradesh, Kerala, Karnataka and the Union Territory of Pondicherry. However, Tamil Nadu constituted 91% of the total member base. The society collects thrift and other mandatory deposits and accepts fixed deposits from its members and raises bank term loans to extend loans to its members. The monthly thrift, other mandatory deposits and loan instalments are collected from the members directly in the form of salary deductions by

BSNL and DoT and are remitted to the society. As on March 31, 2016, the society's total loan portfolio and net worth stood at Rs. 484 crore (provisional) and Rs. 81 crore (provisional), respectively.

As per the provisional financial statements for FY2016, the society reported a net surplus of Rs. 5.2 crore (Rs. 5.8 crore in FY2015) on a total asset base of Rs. 919.6 crore as on March 31, 2016 (Rs. 945.6 crore as on March 31, 2015).

Key financial indicators

	FY2015	FY2016 [#]
Total Income	113.5	115.2
PAT	5.8	5.2
Net Worth	76.6	80.1
Total Managed Portfolio	500.1	483.7
Total Managed Assets	945.6	919.6
Return on Managed Assets %	0.6%	0.6%
Return on Net Worth %	7.8%	6.6%
Gearing (times)	11.1	10.1
Gross NPA%	0.1%	1.0%
Net NPA%	-	-
CRAR%	-	-

[#]Provisional; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years			
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017	
				May 2019	January 2019	October 2017	October 2016	
Fund Based - Bank Facilities	Long term	669.44	669.44	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]BB- (Negative) ISSUER NOT COOPERATING*	[ICRA]BB- (Negative) ISSUER NOT COOPERATING*	[ICRA]BB- (Negative)	

Source: G-Tec; * Issuer did not co-operate; based on best available information

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN No.	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term bank facilities	NA	NA	NA	669.44	[ICRA]D ISSUER NOT COOPERATING

Source: G-Tec

ANALYST CONTACTS

Karthik Srinivasan

+91-22-6114 3444

karthiks@icraindia.com

A M Karthik

+91-44-4596 4308

a.karthik@icraindia.com

Subhashree Ravi

+91-44-4297 4324

subhashree.ravi@icraindia.com

Govindaraj Prabhu M

+91-44-4596 4306

govindaraj.m@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents