

Dish TV India Limited

December 06, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Short-term Bank Facilities (Letter of Credit/Bank Guarantee)	150.00	CARE D [Single D]	Rating revised from CARE A4+ (A Four Plus)
Short-term Bank Facilities (Term Loan)	250.00	CARE D [Single D]	Rating revised from CARE A4+ (A Four Plus)
Short-term Bank Facilities (Overdraft)	450.00	CARE D [Single D]	Rating revised from CARE A4+ (A Four Plus)
Total Facilities	850.00 (Rs. Eight hundred fifty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Dish TV India Limited (DTIL) takes into account default in payment of short term loan due on November 28, 2019. The other issues raised by CARE in the press release dated November 25, 2019 remains the same.

Detailed description of the key rating drivers

Key Rating Weaknesses

On-going delay/default in debt servicing

CARE has received written confirmation from the company on December 05, 2019 stating that the short term loan amounting to Rs.250 crore has not been paid and remains unsettled as on date.

Liquidity: Stretched

Liquidity is marked by tightly matched accruals to repayment obligations, highly utilized bank limits and low cash balance. On consolidated level, the company generated cash accruals of Rs.863.58 crore as on September 30, 2019 & Rs.1654.71 crore as on March 31, 2019. For H2FY20, the company has to service debt of Rs.650 crore and is likely to spend around Rs.250-300 crore towards purchase of Consumer Premise Equipment's. Further DTIL's working capital limit utilization stood around 73% for the past seven months ending September 2019 and cash & bank balance on consolidated level stood around Rs.136.77 crore as on September 30, 2019 as against Rs.170.68 crore as on March 31, 2019.

In addition there is high potential liability of unpaid license fees of Rs.3256.48 crore as on March 31, 2019, for which the matter is pending in Supreme Court. Any adverse ruling for the same could further weaken the credit profile of the company.

Analytical approach:

CARE has considered the consolidated financials of DTIL for analytical purposes owing to financial and operational linkages between the company and its subsidiaries. The consolidated financials include the financials of DTIL (post-its merger with Vd2h), its subsidiaries i.e. Dish TV Lanka Private Limited (70% stake) and DISPL (post - merger of Vd2h's infra support business; 100% stake) and joint venture – C&S Medianet Private Limited (51% stake).

Applicable Criteria

[Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Consolidation and Factoring Linkages in Ratings](#)

[Short Term Instruments](#)

[Financial Ratios – Non financial Sector](#)

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

About the Company

Dish TV India Limited (DTIL), a part of Essel group of companies, is India's first direct to home (DTH) company to launch its service in 2003. Effective March 22, 2018, Videocon d2h Limited (which launched its service in 2009) has been amalgamated with and into Dish TV India, with October 01, 2017 being the appointed date. The combined entity has a subscriber base of 23.94 million as on September 30, 2019 with a market share of 35% in the DTH segment. The merged entity has a bandwidth capacity of 1422 MHz, with an ability to deliver more than 655 channels & services including 40 audio channels and over 70 HD channels & services. The company has a vast distribution network of over 4000 distributors and around 400,000 dealers that span across 9,450 towns in the country. During FY19, the company has launched in-house OTT app namely 'Watcho' which has mix of original content, linear channels and catch-up content.

Consolidated Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	4679.81	6198.78
PBILDT	1377.02	2087.16
PAT	-84.90	-1163.41
Overall gearing (times)	0.51	0.52
Interest coverage (times)*	5.32	5.17

A: Audited *excluding provision for interest

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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
Non-fund-based - ST-BG/LC	-	-	-	150.00	CARE D
Fund-based - ST-Term loan	-	-	November 28, 2019	250.00	CARE D
Fund-based - ST-Cash Credit	-	-	-	450.00	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - ST-BG/LC	ST	150.00	CARE D	1)CARE A4+ (25-Nov-19) 2)CARE A3+ (08-Jul-19)	1)CARE A1 (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE A1+ (07-Jan-19) 3)CARE A1+ (05-Oct-18) 4)CARE A1+ (Under Credit Watch) (10-May-18)	1)CARE A1+ (Under Credit Watch) (07-Dec-17)	1)CARE A1+ (Under Credit Watch) (25-Nov-16) 2)CARE A1+ (21-Oct-16) 3)CARE A1+ (18-Jul-16)
2.	Fund-based - ST-Term loan	ST	250.00	CARE D	1)CARE A4+ (25-Nov-19) 2)CARE A3+ (08-Jul-19)	1)CARE A1 (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE A1+ (07-Jan-19)	-	-
3.	Fund-based - ST-Cash Credit	ST	450.00	CARE D	1)CARE A4+ (25-Nov-19) 2)CARE A3+ (08-Jul-19)	-	-	-

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 clarification.

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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.

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