

Siti Networks Limited
February 14, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	87.00 [@]	-	Withdrawn
Long-term Bank Facilities	87.00	CARE D, ISSUER NOT COOPERATING	Assigned
Total Facilities	87.00 (Rs. Eighty Seven Crore only)		

[@] supported by corporate guarantee from Zee Entertainment Enterprises Limited to maintain a revolving DSRA with 2 quarters of interest

Detailed Rationale & Key Rating Drivers

CARE has reviewed the rating assigned to the bank facilities of Siti Networks Limited [SNL] to CARE AA(CE) (Credit watch with negative implications) Issuer Not Cooperating and has simultaneously withdrawn it, with immediate effect as per CARE's withdrawal policy. It was envisaged that the CARE rated bank facilities would be supported by DSRA account which would cover two quarters of interest payments, and any shortfall in the DSRA amount, was to be replenished by Zee Entertainment Enterprises Limited, under a corporate guarantee executed by the later in favor of SNL's lender. The rating revision factors in non-adherence to the pre-determined structure on the basis of which rating was assigned to the bank facilities of SNL. Hence, CARE withdraws the rating based on the credit enhancement extended to SNL's bank facilities, and simultaneously, assigns a standalone rating of CARE 'D' Issuer Not Cooperating to the long term bank facilities of the company.

Detailed description of the key rating drivers of SNL**Key Rating Weaknesses****On-going delay/default in debt servicing**

As part of CARE's due diligence process, CARE had interacted with SNL's bankers wherein verbal feedback was received from the banker stating delay in interest servicing on cash credit account since October 2019 and the account remains un-settled. Thus the account has been classified as Non-Performing Asset.

Liquidity: Poor

Poor liquidity as reflected in low cash accruals when compared to repayment obligations, fully utilized bank limits and low cash balance. This constrains the ability of the company to repay its debt obligations on a timely basis. Further, the company's accumulated losses has resulted in negative net-worth.

Analytical approach: Standalone

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

Applicable Criteria
[Policy on Withdrawal of ratings](#)
[CARE Rating Process](#)
[CARE's default recognition policy](#)
[Financial ratios - Non Financial Sector](#)
About the Company

Siti Networks Limited (SNL) is a part of Essel group, which is one of India's leading business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education. It has grown to be India's largest Multi-System Operator (MSO) and a leading wired broadband service provider. With 15 digital head ends and a network of more than 33,000 km of optical fibre and coaxial cable, it provides its cable services in India to ~580 locations and adjoining areas, reaching out to over 11.55 million digital viewers. SNL deploys State-of-the-art technology for delivering multiple TV signals to enhance consumer viewing experience. Its product range includes Digital & Analogue Cable Television, Broadband and Local Television Channels. SNL has been providing services in analogue and digital mode, armed with technical capability to provide features like Video on Demand, Pay per View, Over-The-Top content, Electronic Programming Guide and Gaming through a Set Top Box. All products are marketed under SITI brand name.

Consolidated Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 (A)
Total operating income	1215.78	1423.50	1454.14
PBILDT	223.68	324.45	335.62
PAT	-179.23	-169.90	-264.28
Overall gearing (times)	4.43	10.09	101.14
Interest coverage (times)	1.76	2.33	1.97

Status of non-cooperation with previous CRA: No

Any other information: No

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
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Non-fund-based - LT-BG/LC	-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	50.00	CARE D; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - LT-BG/LC	-	-	-	37.00	CARE D; ISSUER NOT COOPERATING* on the

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
					basis of best available information

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.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
2.	Fund-based - LT-Cash Credit	LT	-	-	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (01-Apr-19) 2) CARE AA (CE) (Under Credit watch with Negative Implications); ISSUER NOT COOPERATING* (19-Sep-19)	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
3.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
4.	Non-fund-based - LT-BG/LC	LT	-	-	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (01-Apr-19) 2) CARE AA (CE) (Under Credit watch with Negative Implications); ISSUER NOT COOPERATING* (19-Sep-19)	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)

5.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
6.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
7.	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
8.	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
9.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (26-Sep-19) 2)CARE AA+ (SO) (Under Credit watch with Negative Implications) (01-Apr-19)	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
10.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (26-Sep-19) 2)CARE AA+ (SO) (Under Credit watch with Negative Implications) (01-Apr-19)	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
11.	Fund-based - LT-Buyers Credit	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
12.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)

13.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (26-Sep-19) 2)CARE AA+ (SO) (Under Credit watch with Negative Implications) (01-Apr-19)	1)CARE AA+ (SO) (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE AA+ (SO); Stable (01-Jun-18)	1)CARE AA+ (SO); Stable (07-Mar-18)	1)CARE AA+ (SO) (27-Oct-16)
14.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (01-Apr-19)	1)CARE BBB- (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE A-; Negative (31-Dec-18) 3)CARE A-; Stable (01-Jun-18)	1)CARE A-; Stable (13-Feb-18) 2)CARE A-; Stable (10-Apr-17)	1)CARE A- (27-Oct-16) 2)CARE A- (22-Aug-16)
15.	Fund-based - LT-Cash Credit	LT	50.00	CARE D; ISSUER-NOT COOPERATING* on the basis of best available information		-	-	-
16.	Non-fund-based - LT-BG/LC	LT	37.00	CARE D; ISSUER-NOT COOPERATING* on the basis of best available information		-	-	-

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.

Disclaimer

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