

July 11, 2019

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Mumbai – 400 051

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Kind Attention: Manager Corporate Relationship Department

Ref: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 – Intimation of revision in Credit Rating

Dear Sir,

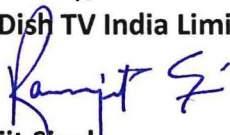
This is in continuation to our disclosure under regulation 30 of SEBI (LODR) Regulations, 2015 dated today regarding revision of Credit Rating by CARE Ratings Limited for the banking facilities of the Company.

In this regard, please find enclosed the letter(s) bearing reference No. CARE/HO/RL/2019-20/1911 and No. CARE/HO/RL/2019-20/1914, both dated July 8, 2019 issued by CARE Ratings Limited.

Kindly take the same on record and oblige.

Thanking you.

Yours truly,
For Dish TV India Limited



Ranjit Singh
Company Secretary & Compliance Officer
Membership No. –A15442



No. CARE/HO/RL/2019-20/1911

Mr. Rajeev Dalmia
Chief Financial Officer
Dish TV India Ltd.
FC-9, Film City,
Sector - 16A,
Noida - 201301 (UP)

July 08, 2019

Confidential

Dear Sir,

Credit rating for bank facilities

With reference to our letter no. CARE/HO/RL/2019-20/1809 dated July 01, 2019 on the above subject and your request for review dated July 04, 2019 & July 05, 2019, our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Short-term Bank Facilities (Letter of Credit/Bank Guarantee)	150.00 (Reduced from 190.00)	CARE A3+ [A Three Plus]	Rating revised from CARE A3 (A Three)
Short-term Bank Facilities (Term Loan)	250.00	CARE A3+ [A Three Plus]	Rating revised from CARE A3 (A Three)
Short-term Bank Facilities (Overdraft)	450.00	CARE A3+ [A Three Plus]	Rating revised from CARE A3 (A Three)
Total facilities	850.00 (Rs. Eight hundred fifty crore only)		

The rating letter for the same is enclosed.

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

Thanking you,

Yours faithfully,



[Rashmi Shetty]
Deputy Manager

rashmi.shetty@careratings.com



[Niriksha Gupta]
Senior Manager

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Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Page 2 of 2

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457 • www.careratings.com • CIN-L67190MH1993PLC071691

No. CARE/HO/RL/2019-20/1914

Mr. Rajeev Dalmia
Chief Financial Officer
Dish TV India Ltd.
FC-9, Film City,
Sector – 16A,
Noida – 201301 (UP)

July 08, 2019

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational & financial performance of your company for FY19 (Abridged) and removal of support of Essel group built into the ratings due to the weakened financial flexibility at the Essel group level, our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Short-term Bank Facilities (Letter of Credit/Bank Guarantee)	150.00 (Reduced from 190.00)	CARE A3+ [A Three Plus]	Removed from Credit watch with negative implications; Rating revised from CARE A1 (A One)
Short-term Bank Facilities (Term Loan)	250.00	CARE A3+ [A Three Plus]	Removed from Credit watch with negative implications; Rating revised from CARE A1 (A One)
Short-term Bank Facilities (Overdraft)	450.00	CARE A3+ [A Three Plus]	Assigned
Total facilities	850.00 (Rs. Eight hundred fifty crore only)		

2. Refer **Annexure 1** for details of rated facilities.

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

3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 08, 2019, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Rashmi Shetty]
Deputy Manager

rashmi.shetty@careratings.com



[Niriksha Gupta]
Senior Manager

niriksha.gupta@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure 1

Details of Rated Facilities

1. Short-term facilities

1.A. Rupee term loans

Sr. No.	Name of Bank	Rated Amount (Rs. Crore)	Sanctioned amount (Rs. crore)	Repayable on
1.	Yes Bank	250.00	250.00	Bullet repayment at the end of twelfth month i.e. November 2019
	Total Facility	250.00	250.00	

1.B. Fund based limits

Sr. No.	Name of Bank	Fund Based Limits (Rs. crore)		
		Cash Credit	Others	Total fund-based limits
1	Yes Bank	450.00	-	450.00
	TOTAL	450.00	-	450.00

1.C. Non fund based limits

Sr. No.	Name of Bank	Non Fund Based Limits (Rs. crore)		
		Bank Guarantee	Others	Tenure as per sanction letter
1	Yes Bank	50.00	-	-
2	IndusInd Bank	100.00	-	-
	TOTAL	150.00	-	-

*LC=Letter of credit; BG=Bank guarantee

Total facilities (1.A.+1.B.+1.C.) Rs.850 crore

Annexure 2
Press Release
Dish TV India Limited

Ratings

Facilities	Amount (Rs. crore)	Rating²	Rating Action
Short-term Bank Facilities (Letter of Credit/Bank Guarantee)	150.00 (Reduced from 190.00)	CARE A3+ [A Three Plus]	Removed from Credit watch with negative implications; Rating revised from CARE A1 (A One)
Short-term Bank Facilities (Term Loan)	250.00	CARE A3+ [A Three Plus]	Removed from Credit watch with negative implications; Rating revised from CARE A1 (A One)
Short-term Bank Facilities (Overdraft)	450.00	CARE A3+ [A Three Plus]	Assigned
Total Facilities	850.00 (Rs. Eight hundred fifty crore only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the ratings assigned to the bank facilities of Dish TV India Limited (DTIL) and removal of the credit watch factor in removal of support of Essel group built into the ratings due to the weakened financial flexibility at the Essel group level. Stress in the infrastructure segment and the elevated leverage with the promoter and holding companies constrains the Essel group's ability to support the group entities when required. Significant decline in the market capitalization of the listed entities of the Essel group over the last one year and the high level of pledge of the promoter holding in these companies has further reduced the financial flexibility of the group. As on March 31, 2019, amongst the total promoter holding of 57.99% in DTIL, 94.60% has been pledged. Although the Essel group has been in the process of monetizing its infrastructure business, as also selling up stake in the flagship business i.e. Zee Entertainment Enterprises Limited

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

(ZEEL) so as to improve the liquidity position of the group, the progress on the same has been slow.

The ratings assigned to bank facilities of DTIL continue to factor in its high debt-funded capital investments, currency risk associated with procurement of Consumer Premise Equipment's (CPEs) and the increasing competition faced both from peers and allied technology platforms. Furthermore, the ratings also takes into account the moderate liquidity position of the company, and the substantial provision made by DTIL (consolidated) towards license fee costs, which upon materialization would necessitate incremental debt funding and highly regulated DTH industry. The ratings also factor in the meagre gross addition to the subscriber base and the quarter-on-quarter (q-o-q) decline in the average revenue per user (ARPU) in FY19.

The ratings, however, continue to derive strength from DTIL's leadership position in the Direct-to-Home (DTH) industry with net subscriber base of 23.7 million translating to market share of about 37% as on March 31, 2019. Post integration of the business operations of Videocon d2h limited with DTIL, the synergy benefits are reflected in the improvement in the market share, subscription revenue and the profitability margins.

The ability of the company to maintain its market leadership position amidst the change in tariff regulations by TRAI and the increasing competition both from peers and allied technology platforms, and amicably settle the long ongoing dispute towards license fees, without any increase in its debt levels would be the key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced management

DTIL is promoted by Essel group having its presence across media value chain including television broadcasting, cable distribution, direct-to-home satellite service and digital media amongst others, with ZEEL being the flagship company. The chairman & managing director of the company Mr. Jawahar Lal Goel has overall five decade of diversified experience which includes entertainment industry as well. He has been the key personnel in establishing the cable distribution network of various TV channels and technological infrastructure for the implementation of DTH services. He is well supported by experienced and qualified management team.

Strong brand presence with leadership position in DTH segment and strong distribution network

DTIL has developed a strong distribution network of ~4,000 distributors and over 400,000 dealers that span across 9,450 towns in the country. Post the merger of Vd2h into DTIL, DTIL continues to be a market leader with net subscriber base of 23.7 million translating to 37% market share amongst the DTH players as on March 31, 2019. The merged company has been continuously adding to its subscriber base with addition of 0.1 million in Q4FY19 and 0.7 million in FY19; whereas ARPU has declined to 184 in Q4FY19 from 201 in Q4FY18.

Growth in subscription revenue and profitability margins

Post the merger of Vd2h into DTIL wherein uniform rates were charged at pan India level, during FY19, DTIL witnessed growth of 39% in the subscription revenue from DTH subscribers (Rs.3677.22 crore in FY19 from Rs.2638.45 crore in FY18). Post-merger, DTIL's subscriber base has a fair mix of urban, semi-urban and rural subscribers [65 (rural): 35 (urban)] as compared to [75 (rural): 25 (urban)] previously. FY19 being the first full year of operations of the merged entity, the company has posted growth in overall total operating income and synergies of merger resulted in improvement in the profitability margins. The New Tariff Order was implemented by TRAI on March 01, 2019 and is expected to result in increase in the subscription revenue for the DTH players. However, the impact of the said order is yet to be fully seen.

DTIL has been facing increasing competition both from its peers as well as from allied technology platforms. Accordingly, amongst the increasing competition faced, the ability of DTIL to maintain its operating margins (PBILDT) without jeopardizing its market share amongst the DTH players forms a key rating monitorable.

Improvement in the capital structure

Post the merger of Vd2h into DTIL, the consolidated gross debt of the company has significantly reduced to Rs.1930.69 crore as on March 31, 2019 (Abridged) from Rs.3401.88 crore as on March 31, 2018 on account of scheduled repayments and prepayment of NCDs. This has resulted in improvement in the overall capital structure of the company with overall gearing at 0.35x as on March 31, 2019 (vis-à-vis 0.51x as on March 31, 2018).

DTIL has accounted for impairment of goodwill (created on account of its merger with Vd2h), which has been charged to profit & loss account for FY19. The same resulted in net

loss to the company in FY19 and in turn reduction in the net-worth base of the company. Nevertheless gross cash accruals generated from the business has improved. The interest coverage and total debt to GCA ratios stood at 4.88x and 0.94x respectively in FY19 vis-à-vis 5.32x and 2.73x respectively in FY18.

Key Rating Weaknesses

Moderate liquidity position

The overall liquidity of the company stands moderate. DTIL has a short term loan of Rs.250 crore repayable in November 2019. The company envisages refinancing of the same. DTIL's bank limits are utilized to the extent of 70-75% for the twelve months ending June 2019. Further, its cash balance has reduced from Rs.563 crore as on March 31, 2018 to Rs.170 crore as on March 31, 2019. The company also envisages funding its capex requirements entirely through debt. Any increase in debt levels from that envisaged would be crucial from the credit perspective.

Variability in currency rate may affect the financial profile of Dish Infra Services Private Limited (DISPL) albeit corrective measures initiated by the management

The CPEs rented/leased to the subscribers are majorly imported from Korea due to marginal presence of CPE manufacturers in India. This has led to larger outflow of forex and an increased exposure of depreciating INR against USD. DISPL funds these imports majorly by availing debt (medium term buyers' credit facility in USD). This strategy postpones the forex loss related to debt in proportion to its term repayments. The foreign exchange fluctuations gain/loss is capitalized as a fixed asset cost. This strategy results in limited impact of forex loss on profitability as company recognizes such loss in proportion to the amortization term of fixed assets. As Rupee depreciates against Dollar, it increases the liability on account of forex debt which further affects the financial profile of DISPL. DISPL generally follows a hedging policy to hedge 25% upfront at the time of taking the forex loan (supplier's credit) and 25% within six months due for loan repayment.

High provisioning towards disputed regulatory dues

DTIL has filed a petition before the Honorable Telecom Disputes Settlement & Appellate Tribunal (TDSAT) regarding a demand letter received by Ministry of Information & Broadcasting (MIB) alleging a short payment in license fees paid. This has occurred due to interpretational differences of the term 'Gross Revenue', basis which license fees are paid. In the meanwhile, the company continues to create a provision on a conservative basis. As on March 31, 2019, DTIL has created a provision of Rs.3256.48 crore (vis-a-vis Rs.2,785 crore as on March 31, 2018). In the event the demand materializes, the company may

have to raise additional debt. On considering the same as debt, the overall gearing stands at 0.94x as on March 31, 2019.

Highly regulated industry

The industry is highly regulated which could possibly affect the business model. In the recent past, the industry witnessed some reforms like transition to the GST regime and new tariff order. The recent Interconnection Regulations & Tariff Order issued by the Telecom Regulatory Authority of India (TRAI) wherein broadcasters declared the monthly MRP of each channel and the bouquets, with the condition that no pay channel, which is part of a bouquet, is priced above INR 19. Free-to-air (FTA) and pay channels would be segregated into different bouquets. DishTV was the first in the industry to partially, and voluntarily, roll out the provisions of the TRAI tariff order by offering cost-effective channels to its subscribers.

Liquidity: Covered earlier

Prospects

India continues to be one of the fastest growing Media & Entertainment markets globally. As per a survey conducted by BARC India in 2018, TV homes in India have grown by 7.5% in 2017 on a y-o-y basis while the number of households has grown by 4.20%. As per the BARC India Survey report, 2018, there are currently 298 million homes in India, out of which 197 million have TV sets, thus providing an opportunity for further TV penetration in the remaining 100 million homes.

DTIL has a major exposure towards the rural market (65%) and since all major broadcasters including Star, ZEE, Sony and Viacom have launched their Free Dish-based channels wherein the content broadcasted is similar to that of the broadcaster's GEC channels (though dated by up to a year or less), DTIL is susceptible to increasing threat of loss of viewership to DD Free Dish.

In rural India, the internet penetration is critically low and 92% of the TV households still own a CRT TV. Hence, the threat DTIL is exposed to from the alternate technology platforms is comparatively low. Also, in order to cater to this segment, DTIL has launched a hybrid set-top box (pay TV+ pay OTT) while it has already launch its own OTT platform (Watcho app), wherein it will be targeting households with existing internet connections to build up on the existing infrastructure. The implementation of the New Tariff Order is expected to further improve the operating performance of DTIL since uniform rates will be charged on a pan India level and the content costs would be a complete pass through to the customers, although the same is to be seen.

Analytical approach:

CARE has removed the notch-up support of Essel group built into the ratings due to the weakened financial flexibility at the Essel group level. Stress in the infrastructure segment and the elevated leverage with the promoter and holding companies constrains the Essel group's ability to support the group entities when required. Significant decline in the market capitalization of the listed entities of the Essel group over the last one year and the high level of pledging of the promoter holding in these companies has further reduced the financial flexibility of the group. Although the Essel group has been in the process of monetizing its infrastructure business, as also selling up to 50% stake in the flagship business i.e. Zee Entertainment Enterprises Limited (ZEEL) so as to improve the liquidity position of the group, the progress on the same has been slow.

Further, 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 to Credit Ratings

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Financial ratios – Non-Financial Sector

Rating Methodology: Factoring Linkages in Ratings

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 23.7 million with a market share of 37% in the DTH segment as on March 31, 2019. 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.

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CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

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 (Abridged#)
Total operating income	4679.81	6218.28
PBILDT	1377.02	2096.42
PAT	-84.90	-1163.41
Overall gearing (times)	0.51	0.35
Interest coverage (times)	5.32	4.88

A: Audited; #as per the exchange disclosure of the company

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 A3+
Fund-based - ST-Term loan	-	-	November 30, 2019	250.00	CARE A3+
Fund-based - ST-Cash Credit	-	-	-	450.00	CARE A3+

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 A3+	-	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	ST	250.00	CARE	-	1)CARE A1	-	-

	loan			A3+		(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 A3+	-	-	-	-

R