July 15, 2025

# HCIL Comtel Private Limited: Ratings reaffirmed

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| Long term/Short term – Fund-based limits | 24.00 | 23.00 | [ICRA]A- (Stable)/[ICRA]A1; reaffirmed |
| Long term/Short term – Non-fund based limits | 190.00 | 194.00 | [ICRA]A- (Stable)/[ICRA]A1; reaffirmed |
| Long term/Short term – Unallocated limits | 3.00 | 0.00 | - |
| **Total** | **217.00** | **217.00** | |

**Instrument details are provided in Annexure I*

## Rationale

While assigning the ratings, ICRA has taken a consolidated view of the financial and operational profile of Hughes Communications India Private Limited (HCIPL) and its wholly-owned subsidiaries—HCIL Comtel Private Limited (Comtel; rated [ICRA]A- (Stable)/[ICRA]A1) and HCIL Netcom India Private Limited (formerly known as Hughes Global Education India Private Limited). These entities are together referred to as the Group/Hughes.

The ratings factor in Hughes's market leadership in the Satellite Communications market coupled with its robust order book position and low debt (excluding lease liability and indemnified AGR liability by the parent), which translate into a healthy financial risk profile.

The ratings continue to factor in the operational synergies derived from its parentage, Hughes Satellite Systems Corporation, a dominant player in satellite communication services in developed markets with its own satellites, technology development and solutions to corporate as well as retail consumers. Moreover, the ratings continue to draw comfort from the Group's long track record of operations, strong market position in the satellite communication industry, a diversified revenue stream, a wide customer base and its established relationship with a reputed clientele. Further, the Group's products find application in a wide range of industries such as banking, telecom, oil marketing, education, retail-facing entities and others. This is reflected in Hughes' healthy order book position, indicating adequate revenue visibility, going forward. The company is also exploring providing bandwidth services through the newly launched low earth orbit satellites launched by a few private international companies, subject to approvals from Indian agencies, which will ease the bandwidth constraints the company had to face earlier and is expected to open up new avenues for growth.

The Group's revenue and profitability was impacted by the non-renewal of a few large contracts, largely based on the VSAT rental model. While the revenue witnessed an uptick in FY2025, the profitability still remained under pressure. However, to mitigate the concerns, the company is focusing on increasing business from the more profitable segments such as software defined wide area network (SD-WAN) which is developed in house and being manufactured in India.

The ratings continue to remain constrained by the high working capital intensity of operations due to the elevated receivable levels. However, it is partly offset by the strong profile of the counterparties and the credit period extended by the parent on hardware purchases. Further, the ratings are constrained by the asset-intensive nature of certain rental contracts, which require sizeable upfront capex for revenue generation over the years. The project-driven nature of hardware/system integration business results in inherent lumpiness in revenue generation. As the business is technology-driven and regulated, any changes in technology or regulatory environment can have a material impact on the company's operations.

ICRA notes the deterioration in the credit profile of EchoStar, the ultimate parent entity, and the ongoing issues with the Federal Communications Commission, which may pose challenges to the indemnification of AGR dues of HCIPL and this remains a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that Hughes will continue to benefit from its established position in the domestic satellite communication and its comfortable external debt position, resulting in healthy cash flow generation and a stable credit profile.

## Key rating drivers and their description

### Credit strengths

**Diversified revenue stream and strong client profile –** The Group's revenue stream is diversified as it provides bandwidth, installation, maintenance and rental services. Moreover, these services are offered to a large bouquet of clients, including major banks and public sector undertaking (PSU) entities in the oil & gas sector.

**Healthy order book position –** Hughes' order book position remains healthy, translating into comfortable revenue visibility over the near to medium term. The order book includes orders from the banking sector, oil marketing PSUs and telecom operators, among others.

**Extensive experience of promoters in satellite communication industry –** Hughes India Group is a part of Echostar, which is a US-based provider of satellite communications. Echostar owns a fleet of communication satellites and has extensive experience in the business. The Indian operations started in 1992 with the incorporation of HCIPL, with over 30 years of operations in the satellite communication industry. This has enabled the Group to establish strong relationships with reputed customers, including nationalised banks, Government agencies and reputed private entities.

**Comfortable debt metrics and liquidity profile** – As the adjusted gross revenue (AGR) liability has been indemnified by the parent entity, the Group has no external debt on its books, which translates into healthy capitalisation and coverage metrics. Further, the liquidity remains strong with healthy cash balances and unutilised fund-based limits on a consolidated basis. While this is comforting, any slippage in the parent company indemnifying the AGR liability will put some strain on the balance sheet of HCIPL, even as the company has sufficient cash balances to meet at least two years of AGR payments.

### Credit challenges

**Working capital intensity of business remains high –** The overall working capital intensity is expected to remain high with elevated receivable levels. However, the high receivable levels are to some extent mitigated by the increased payable period that the Group enjoys, especially on hardware purchases from its parent entity.

**Capex-intensive contracts may lead to cash flow mismatches –** The rental model-based projects require upfront capex from the Group. All the rental orders, such as the one for the oil marketing companies, require the Group to purchase the equipment upfront, install at the sites and then recover the cash flow over the project's tenure. A high degree of upfront capex can result in cash flow mismatches. Moreover, the project-driven business can lead to lumpiness in revenue generation.

**Technology and regulatory risk –** The satellite communication business is technology-driven and highly regulated. HCIPL has a licence from the Department of Telecommunications (DoT) to provide bandwidth services. However, it has to purchase capacities from NSIL for satellite communications. Thus, the business is dependent on the regulations of DoT and ISRO. Any material change in technology or regulatory environment can impact the business. Moreover, the Group is in discussion with low earth satellite communication providers for bandwidth.

**Weak credit profile of EchoStar can result in challenges for the parent in indemnification of AGR dues –** EchoStar's credit profile has significantly weakened, marked by missed interest payments totaling around $500 million. However, the payment was made within the 30-day grace period to avoid default. The company reported a net loss of $202.7 million and carries a heavy debt load of $29.53 billion, up from $19.72 billion in 2023. Halted network investments reflect severe liquidity and operational constraints, coupled with the FCC scrutiny and denial of extension requests for 5G deployment obligations further threaten license retention. Thus, in these circumstances, the ability of the parent to indemnify the AGR liabilities of HCIPL will remain a key monitorable.

## Liquidity position: Strong

The Group's liquidity position is strong owing to healthy cash flow from operations, supported by free cash and bank balance of Rs. 137.1 crore as on March 31, 2025. Moreover, a sizeable cushion in working capital limits of Rs. 54 crore as on March 31, 2025, because of nil limit utilisation provides comfort. Further, the entity has healthy cash accruals, which are likely to be sufficient to meet the capex and working capital requirements.

## Rating sensitivities

**Positive factors –** The ratings maybe upgraded if the Group demonstrates a sustained growth in its operating income along with an improvement in its profitability and working capital intensity of operations.

**Negative factors –** A significant deterioration in the operating income and profitability on a sustained basis may result in a downgrade. Further, any slippage or failure by the parent entity in indemnifying the AGR dues will also warrant a rating revision.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | For arriving at the ratings, ICRA has taken consolidated view of Hughes Communications India Private Limited and its subsidiaries, including HCIL Comtel Private Limited, on account of the common management and strong business and financial linkages among these entities. As on March 31, 2025, HCIPL had two subsidiaries mentioned in Annexure II |

## About the company

HCIL Comtel Private Limited (Comtel - formerly HCIL Comtel Limited) was incorporated in 2007 and is a 100% subsidiary of Hughes Communications India Private Limited (HCIPL). Comtel provides VSAT-based hardware along with maintenance and rental services. Revenues from projects undertaken by the Group are increasingly split between HCIPL and Comtel, with bandwidth-related revenues flowing to HCIPL and the balance, which includes hardware, rentals and maintenance, coming into Comtel.

### Key financial indicators (audited)

| HCIPL Consolidated | FY2024 | FY2025* |
|---|---|---|
| **Operating income** | 360.2 | 482.7 |
| **PAT** | -66.6 | -13.5 |
| **OPBDIT/OI** | 10.6% | 11.4% |
| **PAT/OI** | -18.5% | -2.8% |
| **Total outside liabilities/Tangible net worth (times)** | 1.0 | 1.1 |
| **Total debt/OPBDIT (times)** | 10.8 | 7.5 |
| **Interest coverage (times)** | 0.9 | 1.4 |

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
*PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation*

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

| | Instrument | Current rating (FY2026) | | | Chronology of rating history for the past 3 years | | |
|---|---|---|---|---|---|---|---|
| | | Type | Amount rated (Rs. crore) | Date & rating in FY2026 | Date & rating in FY2025 | Date & rating in FY2023 | Date & rating in FY2022 |
| | | | | July 15, 2025 | Apr 30, 2024 | Mar 13, 2023 | Feb 24, 2022 |
| 1 | Fund-based limits | Long term and short term | 24.00 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 |
| 2 | Non-fund based limits | Long term and short term | 193.00 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 |
| 3 | Unallocated limits | Long term and short term | 0.00 | - | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 | [ICRA]A- (Stable)/ [ICRA]A1 |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long term/Short term – Fund-based limits** | Simple |
| **Long term/Short term – Non-fund based limits** | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

### Annexure I: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|---|---|---|---|---|---|---|
| **NA** | **Fund-based limits** | NA | NA | NA | 24.00 | [ICRA]A- (Stable)/[ICRA]A1 |
| **NA** | **Non-fund based limits** | NA | NA | NA | 193.00 | [ICRA]A- (Stable)/[ICRA]A1 |

*Source: Company*

*Please click here to view details of lender-wise facilities rated by ICRA*

### Annexure II: List of entities considered for consolidated analysis

| Company name | HCIPL ownership | Consolidation approach |
|---|---|---|
| **Hughes Communications India Private Limited** | 100.00% | Full consolidation |
| **HCIL Comtel Private Limited** | 100.00% | Full consolidation |
| **HCIL Netcom India Private Limited (formerly known as Hughes Global Education India Private Limited)** | 100.00% | Full consolidation |
| **Ceycom Global Communications Limited** | 24.00% | Proportionate |

*Source: HCIPL annual report FY2024*
*Note: ICRA has taken a consolidated view of the parent HCIPL and its subsidiaries*

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## 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.

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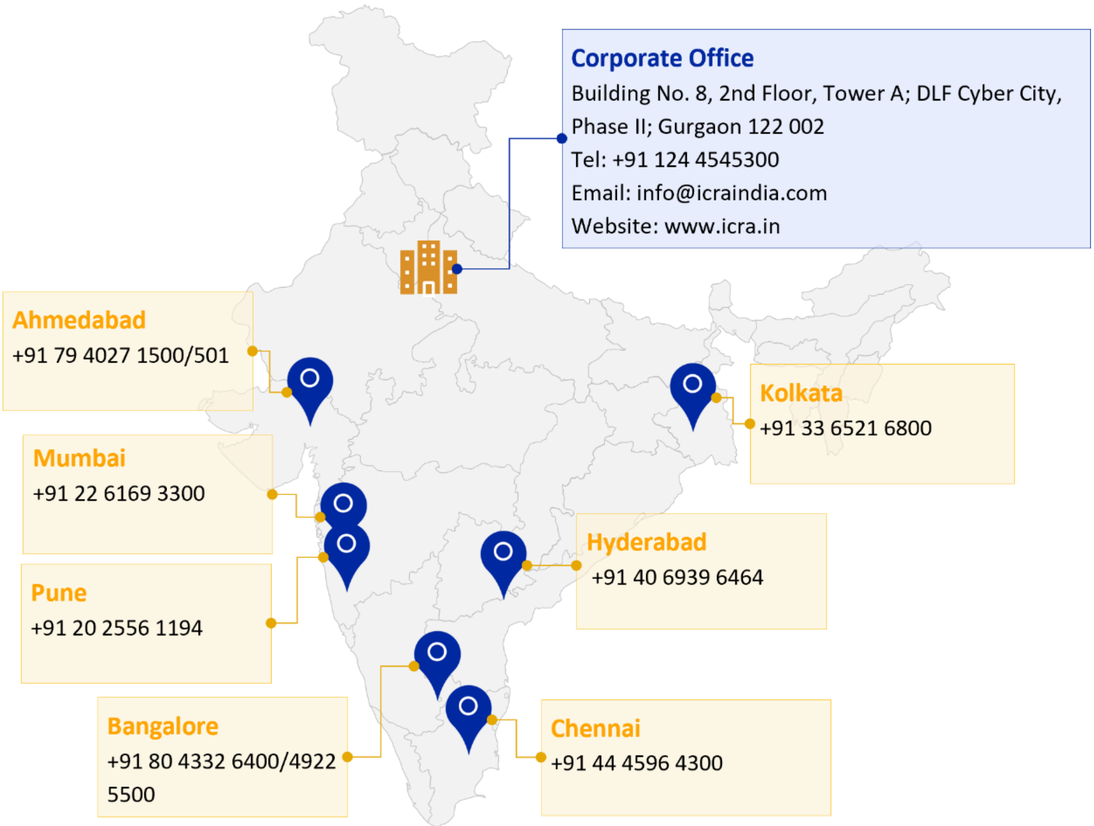




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