August 05, 2026

# Hughes Communications India Private Limited: Ratings placed on rating watch with negative implications

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action | Financial sector regulator# |
|---|---|---|---|---|
| **Long Term/Short Term – Fund-Based – Cash Credit** | 44.00 | 34.00 | [ICRA]A-/ [ICRA]A1; placed on Rating watch with Negative Implications | RBI |
| **Long Term/Short Term – Non-Fund-Based - Others** | 155.00 | 150.00 | [ICRA]A-/ [ICRA]A1; placed on Rating watch with Negative Implications | RBI |
| **Total** | **199.00** | **184.00** | | |

**Instrument details are provided in Annexure I*

*#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI.*

### Rationale

ICRA has placed the ratings on watch with negative implications following the Chapter 11 bankruptcy filing by Hughes Network Systems LLC (Hughes), a subsidiary of EchoStar Corporation, after being unable to address its $1.5-billion debt maturity that was due on August 1, 2026. The watch reflects ICRA's concerns regarding the ongoing bankruptcy proceedings, Hughes' limited liquidity position, with cash and cash equivalents of $102 million as of March 31, 2026, and the uncertainty surrounding its debt resolution plans. While ICRA notes the significant improvement in EchoStar's financial flexibility following the completion of the AT&T transaction on July 28, 2026, which generated approximately $20 billion of proceeds (including $2 billion reserved for potential claims and settlements), the extent of support available to Hughes and the implications of the proposed restructuring remain uncertain. ICRA will continue to monitor developments related to the Chapter 11 bankruptcy proceedings, liquidity position, and debt resolution plans.

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 and Hughes Global Education India Private Limited (HGEIL). These entities are together referred to as the Group/Hughes.
The ratings factor in Hughes' market leadership in the very small aperture terminal (VSAT) 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 VSAT-based 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 VSAT 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. The company is also exploring providing bandwidth services through the newly launched low earth orbi satellites launched by a few private international companies, subject to approvals from Indian agencies, which will ease the bandwidth constraints

which the company had to face earlier and is expected to open up new avenues for growth.
The company's revenue declined by ~17% in FY2026 primarily due to delays in the execution and award of certain projects, notwithstanding a healthy order inflow. The profitability remained impacted by the non-renewal of a few large VSAT rental contracts, continued investments in OneWeb-related infrastructure pending regulatory approvals, and a one-time wage code provision of Rs. 3.5–4 crore. Nevertheless, the company's earnings profile is expected to improve, supported by increasing contribution from higher-margin SD-WAN, managed services and SATCOM system integration businesses, along with margin benefits arising from direct satellite capacity procurement. The revenue visibility remains strong, backed by an order book of ~Rs. 700 crore and a robust bid pipeline of ~Rs. 1,500 crore, with execution expected to accelerate in the current fiscal.

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 contracts, which require a 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 the technology or regulatory environment can have a material impact on the company's operations.

## 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 with an order book of ~Rs. 700 crore and a robust bid pipeline of ~Rs. 1,500 crore with the execution expected to accelerate in the current fiscal.

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 25 years of operations in the VSAT 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 ICRA draw comfort from the same, any slippage in the parent company indemnifying the AGR liability will put some strain on HCIPL's balance sheet, even as the company's current sufficient cash balances and accruals are sufficient to meet at least 2 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 receivables. However, the high receivable levels are mitigated to some extent 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 flows over the project's tenure. A high degree of upfront capex can result in cash flow mismatches. Moreover, the project-driven business can result in lumpiness in revenue generation.

**Technology and regulatory risk –** The VSAT 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 the DoT and ISRO. Any material change in technology or regulatory environment can impact the business. However, the Group has entered into an agreement with OneWeb to provide efficient and economical services using low-earth orbit satellites.

**Exposure to promoter's group credit profile -** Hughes India Group's credit profile remains linked to that of the broader EchoStar group. The recent Chapter 11 bankruptcy filing by Hughes Network Systems LLC (Hughes), an EchoStar subsidiary, following its inability to address the $1.5-billion debt maturity due on August 1, 2026, highlights the refinancing and liquidity challenges faced by certain group entities. While EchoStar's liquidity and financial flexibility improved significantly following the completion of the AT&T transaction on July 28, 2026, which generated approximately $20 billion in proceeds, the extent to which these resources will support Hughes and the outcome of the ongoing restructuring process remain uncertain. The developments underscore the susceptibility of the group's credit profile to leverage, refinancing, and execution risks and remain key monitorables from a credit perspective.

## Liquidity position: Strong

The Group's liquidity position is adequate owing to healthy cash flow from operations, supported by free cash and bank balance of Rs. 141.9 crore as on March 31, 2026. Moreover, the liquidity is further aided by a sizeable cushion in working capital limits, with the utilisation remaining nil, as well as healthy cash accruals. While AGR dues of approximately Rs. 84.4 crore are expected to be indemnified by the parent company, any failure to receive such indemnification could exert pressure on the company's liquidity position.

## Rating sensitivities

**Positive factors -** The rating watch could be resolved with clarity over the regulatory developments on Hughes Network Systems LLP concerning its recently filed Chapter 11 bankruptcy, and the continued support towards the group's AGR obligations.

**Negative factors –** Any slippage or failure to pay the AGR dues will trigger a rating downgrade. This apart, a significant deterioration in the group's earnings or credit profile on a sustained basis may also result in a rating downgrade.

## 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, 2026, 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 the maintenance and rental services. The revenue from projects undertaken by the Group is 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 | FY2025 | FY2026 |
|---|---|---|
| **Operating income** | 482.7 | 399.8 |
| **PAT** | -13.5 | -28.6 |
| **OPBDIT/OI** | 11.4% | 7.9% |
| **PAT/OI** | -2.8% | -7.1% |
| **Total outside liabilities/Tangible net worth (times)** | 1.1 | 0.9 |
| **Total debt/OPBDIT (times)** | 7.5 | 9.8 |
| **Interest coverage (times)** | 1.4 | 0.9 |

*Source: Company, ICRA Research; 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: Not applicable

## Rating history for past three years

| | Instrument | Current rating (FY2027) | | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Type | Amount rated (Rs. crore) | FY2027 | | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| 1 | **Fund based – Cash Credit** | Long term/ short term | 34.00 | Aug 05, 2026 | [ICRA]A-; Ratings on watch with Negative Implications / [ICRA]A1; Ratings on watch with Negative Implications | July 15, 2025 | [ICRA]A- (Stable)/ [ICRA]A1 | Apr 30, 2024 | [ICRA]A- (Stable)/ [ICRA]A1 | - | - |
| 2 | **Non-fund based limits** | Long term/ short term | 150.00 | Aug 05, 2026 | [ICRA]A-; Ratings on watch with Negative Implications / [ICRA]A1; Ratings on watch with Negative Implications | July 15, 2025 | [ICRA]A- (Stable)/ [ICRA]A1 | Apr 30, 2024 | [ICRA]A- (Stable)/ [ICRA]A1 | - | - |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long Term/Short Term – Fund-Based – Cash Credit** | **Simple** |
| **Long Term/Short Term – Non-Fund-Based - Others** | **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 | Financial sector regulator# |
|---|---|---|---|---|---|---|---|
| **NA** | **Fund-Based – Cash Credit** | NA | NA | NA | 34.00 | [ICRA]A-; Ratings on watch with Negative Implications / [ICRA]A1; Ratings on watch with Negative Implications | RBI |
| **NA** | **Non-fund based limits** | NA | NA | NA | 150.00 | [ICRA]A-; Ratings on watch with Negative Implications / [ICRA]A1; Ratings on watch with Negative Implications | RBI |

*Source: Company*

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

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

| Company name | Ownership* | Consolidation approach |
|---|---|---|
| **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 FY2026*

*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.

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.

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