

Dishnet Wireless Limited

December 27, 2018

Summary of rated instruments

Instrument	Previous Rated Amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Fund-based/Non-fund Based Limits	17,479 [^]	17,479 [^]	[ICRA]D ISSUER NOT COOPERATING* Rating continues to remain under 'Issuer Not Cooperating' category

**Issuer did not co-operate; based on best available information*

[^]These limits are consolidated for Aircel Group; interchangeable among Aircel Limited, Aircel Cellular Limited, Dishnet Wireless Limited and Aircel Smart Money Limited

Rationale

The rating takes a consolidated view on the credit risk profiles of Aircel Limited and its wholly-owned subsidiaries Aircel Cellular Limited, Dishnet Wireless Limited and Aircel Smart Money Limited. The four entities are together referred to as Aircel.

The rating takes into account continued delays in debt servicing by the entity. As part of its process and in accordance with its rating agreement with Aircel, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Outlook: NA

Key rating drivers

Credit strengths

- **Track record of operations** – The Group is under bankruptcy proceedings, which raises doubt over survival of the Group. Nevertheless, the Group had established pan-India operations in the mobile services segment with strong market presence in its four legacy circles namely - Tamil Nadu, Assam, North East and Jammu & Kashmir. Later on it shut down its wireless operations and lost its subscribers.

Credit challenges

- **Continuing delays in debt servicing:** the Group had delayed the servicing of its debt liabilities last year as per public information and continues to delay in servicing its debt obligations.
- **Operations closed and under bankruptcy proceedings** – Aircel shut down its wireless operations and filed for bankruptcy in February 2018, which was accepted in March 2018. The proceedings are underway, and the resolution plan is yet to be finalised. In case the resolution plan is not finalised or not approved, the company may get liquidated.

- **Legal Concerns** – besides the ongoing bankruptcy proceedings, other legal concerns for the Group remain high given the uncertainties regarding the developments in the ongoing investigations into acquisition of the company by Maxis Communications Berhad (MCB).

Liquidity position

The Group has sizeable debt level and has even shut down its wireless operations. It is under bankruptcy proceedings and the debt servicing continues to be under delays. As per publicly available information there are no cash flows from operations to service its debt obligations.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Mobile Service Providers Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not Applicable
Consolidation / Standalone	The ratings are based on the consolidated financial profile of the company

About the company

Aircel Limited, along with its subsidiaries Aircel Cellular Limited and Dishnet Wireless Limited, was a telecom service provider with a pan India presence. Aircel Smart Money Limited, another wholly owned subsidiary of Aircel Limited, provided mobile banking services. Aircel Limited was incorporated in December 1994 as Srinivas Cellcom Limited and started by offering services in the Tamil Nadu circle in April 1999. Over the years, it won licences and launched services in all the 22 telecom circles in the country. Later in 2006, Maxis Communications Berhad, Malaysia (Maxis), acquired majority stake in the company. Maxis, through Global Communication Services Holdings Ltd and Deccan Digital Networks Private Limited, effectively has approximately 73.99% equity interest in Aircel Limited. The balance equity is held by the Sindya Securities & Investments Private Limited. Maxis also has a substantial shareholding in Maxis Berhad, the leading telecommunication operator in Malaysia.

Key financial indicators (Audited)*

	CY2015	CY2016
Operating Income (Rs. crore)	11,419	11,582
PAT (Rs. crore)	-2,215	-4,319
OPBDIT/OI (%)	13.1%	6.5%
RoCE (%)	1.2%	-13.4%
Total Debt/TNW (times)	-ve	-ve
Total Debt/OPBDIT (times)	33.8	66.7
Interest Coverage (times)	0.64	0.32

Source: Aircel's annual reports, ICRA research

*Latest information not available

Status of non-cooperation with previous CRA:

CARE D Issuer Not Cooperating

CARE has been seeking information from Dishnet Wireless Limited to monitor the rating(s) vide e-mail communications/letters dated August 01, 2018, August 02, 2018, August 03, 2018 and August 06, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, Dishnet Wireless Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Dishnet Wireless Ltd.'s bank facilities will now be denoted as CARE D; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account the delays in servicing of its debt obligations.

Any other information: None

Rating history for last three years

Current Rating (FY2019)				Chronology of Rating History for the past 3 years							
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & rating Dec 2018	Date & Rating in FY2018 Nov 2017	Date & Rating in FY2018 Nov 2017	Date & Rating in FY2018 Oct 2017	Date & Rating in FY2018 Jul 2017	Date & Rating in FY2018 May 2017	Date & Rating in FY2017 Feb 2017	Date & Rating in FY2016 Dec 2015
1	Fund-based limits (Term Loans)	13,729	11,908 [^]	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]BB-(Negative) ISSUER NOT COOPERATING*	[ICRA]B B-(Negative)	[ICRA]BB +(Negative)	[ICRA]BB B@	[ICRA]BB B+@	[ICRA]B BB+&
2	Non-fund-based Limits	3,400	-	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]BB-(Negative) ISSUER NOT COOPERATING*	[ICRA]B B-(Negative)	[ICRA]BB +(Negative)	[ICRA]BB B@	[ICRA]BB B+@	[ICRA]B BB+&
3	Unallocated limits	350	-	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]BB-(Negative) ISSUER NOT COOPERATING*	[ICRA]B B-(Negative)	[ICRA]BB +(Negative)	[ICRA]BB B@	[ICRA]BB B+@	[ICRA]B BB+&

[^]as per last available information estimated O/s as on March 31, 2017

@under watch with negative implications

& under watch with developing implications

*Issuer did not co-operate; based on best available information

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based limits (Term Loans)	CY2013	10.30%	CY2024	13,729	[ICRA]D ISSUER NOT COOPERATING*
NA	Non-fund-based Limits	-	-	-	3,400	[ICRA]D ISSUER NOT COOPERATING*
NA	Unallocated limits	-	-	-	350	[ICRA]D ISSUER NOT COOPERATING*

Source: Aircel

* *Issuer did not co-operate; based on best available information

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership As on December 31, 2016	Consolidation Approach
Aircel Cellular Limited	100%	Full Consolidation
Aircel Smart Money Limited	100%	Full Consolidation
Aircel Limited	NA*	Full Consolidation

Source: Aircel's Annual Report

* Aircel Limited is parent, which holds 100% stake in Dishnet Wireless Limited

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