August 05, 2020

Den Networks Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. Crore)	Rating Action
Fund-based Working Capital Facilities	470.00	470.00	[ICRA]AA- &; Withdrawn
Non-fund Based Working Capital Facilities	30.00	30.00	[ICRA]A1+ &; Withdrawn
Unallocated Limits	36.60	36.60	[ICRA]AA- & / [ICRA]A1+ &; Withdrawn
Total	**536.60**	**536.60**	

**Instrument details are provided in Annexure-1; &: on watch with developing implications*

Rationale

The long-term and short-term ratings assigned to Den Networks Limited (DEN) have been withdrawn at the request of the company and based on the no-objection certificate provided by its banker. ICRA does not have incremental information to suggest that the credit risk has changed since the time the rating was last reviewed.

The last rating rationale is available at the following link: Rationale
The previous detailed rationale is available at the following link: Rationale

Key rating drivers

Key rating drivers have not been captured since the rating is withdrawn.

Liquidity Position

Liquidity position has not been captured since the rating has been withdrawn

Rating sensitivities

Not captured as the rating is being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	[Corporate Credit Rating Methodology](#) [Impact of Parent or Group Support on an Issuer's Credit Rating](#) [Policy on withdrawal and suspension of credit ratings](#)
Parent/Group Support	Not applicable (ratings withdrawn)
Consolidation/Standalone	Not applicable (ratings withdrawn)

About the company

Incorporated in 2007, DEN is one of the largest national MSOs in India involved in the distribution of digital cable-television services. Besides cable-television services, DEN also has an all-India Internet Service Provider (ISP) licence for broadband internet services. The company's cable and broadband operations span 500+ cities across 13 key states across India including Delhi, Uttar Pradesh, Karnataka, Maharashtra, Gujarat, Rajasthan, Haryana, Kerala, West Bengal, Jharkhand and Bihar. It has significant presence in the strategic and economically important Hindi-speaking markets (HSM) belt.

DEN became a 78.62% subsidiary of RIL in H2FY2019 following issuance of fresh preference equity to the latter coupled with share purchase from its erstwhile promoters (Mr. Sameer Manchanda & family) and public shareholders.

In February 2020, the company intimated the stock exchanges regarding a scheme of amalgamation and arrangement under which DEN, Hathway and TV18 will merge with Network18 with effect from February 1, 2020, subject to the receipt of necessary approvals.

Key financial indicators (audited)

Consolidated	FY2019	FY2020*
Operating Income (Rs. crore)	1,206.1	1,291.4
PAT (Rs. crore) ^	-295.2	57.5
OPBDIT/OI (%)	15.1%	16.4%
RoCE (%)	-10.0%	4.7%
Total Outside Liabilities/Tangible Net Worth (times)	0.5	0.4
Total Debt/OPBDIT (times)	2.6	1.0
Interest Coverage (times)	3.1	6.6
DSCR (times)	1.1	1.8

**Limited results; ^ excludes share of profit/loss from associates*

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2021) Type	Amount Rated (Rs. crore)	Amount Outstanding as on 31-Jul-20 (Rs. crore)	Date & Rating 5-Aug-20	Chronology of Rating History for the past 3 years: Date & Rating in FY2020 27-Feb-20	7-Jun-19	Date & Rating in FY2019 25-Oct-18	9-May-18	Date & Rating in FY2018 15-Dec-17
1	Fund Based working capital facilities	Long Term	470.0	--	**[ICRA]AA- &; withdrawn**	**[ICRA]AA- &**	**[ICRA]AA- (Stable)**	**[ICRA]A%**	**[ICRA]A (Stable)**	**[ICRA]A (Stable)**
2	Letter of Credit & Bank Guarantee	Short Term	30.00	--	**[ICRA]A1+&; withdrawn**	**[ICRA]A1+&**	**[ICRA]A1+**	**[ICRA]A1%**	**[ICRA]A1**	**[ICRA]A1**
3	Unallocated Limits	Long Term/ Short Term	36.6	--	**[ICRA]AA-&/ [ICRA]A1+&; withdrawn**	**[ICRA]AA-&/ [ICRA]A1+&**	**[ICRA]AA- (Stable)/ [ICRA]A1+**	**[ICRA]A%/ [ICRA]A1%**	**[ICRA]A (Stable)/ A1**	**[ICRA]A (Stable)/ A1**

&=on watch with developing implications; %=on watch with positive implications

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 Working Capital	NA	NA	NA	470.0	[ICRA]AA-&; Withdrawn
NA	Letter of Credit / Bank Guarantee	NA	NA	NA	30.0	[ICRA]A1+&; Withdrawn
NA	Unallocated Limits	NA	NA	NA	36.6	[ICRA]AA-& / A1+&; Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis:

Not applicable as rating is being withdrawn

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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.

For more information, visit www.icra.in

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