

Network 18 Media and Investments Limited

December 16, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term/short-term bank facilities	1,750	CARE AAA; Stable / CARE A1+	Reaffirmed
Commercial paper	2,250	CARE A1+	Reaffirmed
Commercial paper	500	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities/instruments of Network18 Media & Investments Limited (Network18) principally derive strength from its strong parentage [Reliance (Mukesh Ambani) group] and strategic importance of media business for its ultimate parent, Reliance Industries Limited (RIL; rated 'CARE AAA; Stable/CARE A1+').

Ratings continue to derive strength from diversified content offerings, healthy performance of its flagship channels with their consistent presence among top channels in their respective genre in terms of television viewership, which has led to consistent growth in its consolidated scale of operations.

However, ratings strengths are partially offset by Network18's modest digital news and print media business, where it continues to incur net losses, despite improved revenues. Ratings also factor in regular investments required in content offerings, and cyclicity associated with its advertisement revenue in a competitive media industry. Timely monetisation of investments being incurred for news and print media business will be a key rating monitorable.

CARE Ratings Limited (CARE Ratings) takes cognisance of merger of Network18, e-eighteen.com (E18) and TV18 Broadcast Limited (TV18) effective from October 3, 2024. This merger has led to consolidation of digital news and TV news portfolio, which was earlier operated through Network18 and TV18 respectively. Scheme of merger received NCLT approval on September 5, 2024 and Ministry of Information and Broadcasting's approval (for transfer of TV channels licenses from TV18 to Network18) on October 3, 2024. With these approvals, scheme of merger has become effective from October 3, 2024 with April 1, 2023, as appointed date.

CARE Ratings also takes cognisance of binding agreements signed by RIL, Viacom18 Media Private Limited [VMPL, 51% equity stake held by Network18 (13.54% stake on fully diluted basis)], and The Walt Disney Company (Disney) to form a joint venture (JV) resulting in transfer of media & Jio Cinema businesses of VMPL to Star India Private Limited (SIPL), post regulatory approvals, effective from November 14, 2024. RIL has also invested ₹11,500 crore in SIPL for its growth strategy. Consequently, Network now has 13.54% stake (on fully diluted basis) in VMPL which in turn has 46.82% stake in SIPL and balance is owned by RIL - 16.34% stake, and Disney - 36.84% stake. Post merger, SIPL shall operate over 100 TV entertainment channels (Colors and Star), digital platforms (JioCinema and Hotstar) and shall have sports rights across cricket, football and other sports.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Reduction in Network18's strategic importance for RIL, impacting its financial flexibility.
- Sustained cash losses on consolidated level not adequately covered by equity capital infusion due to its inability to efficiently monetise its various content investments, and its consequent adverse impact on its leverage and debt coverage indicators.

Analytical approach: Consolidated

Based on similar line of business and group's structure, CARE Ratings has considered a consolidated analytical approach for Network18. The companies considered for consolidation are listed in **Annexure-6**. The company's strategic importance for RIL group's media and entertainment business and expected financial support from parent group, if required, has been considered.

Outlook: Stable

CARE Ratings believes that strong market position of Network18's media business, would lead to healthy cash flows for Network18 and a strong credit profile.

Detailed description of key rating drivers

Key strengths

Parentage of strong and resourceful RIL group

Post merger of TV18 and E18 into Network18, Independent Media Trust, whose sole beneficiary is RIL, and other promoter group entities, together hold a majority stake (56.89%) in Network18. The Network18 group is one of the prominent media

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

conglomerates in India with interests in television, print and digital media, and allied businesses, consisting of brands, including CNBC TV18, CNN News18, News18 India, moneycontrol.com, Firstpost, Forbes India, among others. Network18 is a part of the prominent and resourceful Reliance (Mukesh D. Ambani) group, whose flagship company - RIL is India's largest private sector enterprise with businesses across energy and materials value chain, retail, and telecom sectors.

Strategic importance of media business to RIL group

Network18 group is one of the prominent media conglomerates in India, with top three ranking in most key segments it operates in. Network18 group is RIL group's key investment in media business and strategically important business for the group. Network18's Board of Directors, has a director who is also present on the Board of RIL. RIL's media business also has synergies with its market leading telecom business. These factors reiterate significant importance of Network18 in RIL's overall strategy.

Diversified content offerings with dominant position in business news

Network18 operates wide network of news channels in India. The news broadcasting business under Network18 includes channels with market leadership position in English General News (CNN News18), English Business News (CNBC TV18,) and Hindi General News (News18 India) segments, and a regional news cluster of 14 channels (including JV, News18-Lokmat), some of which are leaders in their markets. Digital news and print media portfolio consists of platforms like Moneycontrol, News18.com, Firstpost and Forbes India.

Continuous growth in operating income

In FY24, Network18's consolidated Total Operating Income (TOI) grew by 49% y-o-y to ₹9,297 crore driven primarily by revenue from VMPL's foray into sports segment. It reported healthy TOI of ₹4,966 crore in H1FY25 with sizeable revenue contribution from streaming of second season of IPL. However, its consolidated profitability was adversely impacted in FY24 and H1FY25, owing to weak advertising environment and increase in operating cost, primarily in sports and digital segment.

Post transfer of VMPL's media business to SIPL effective from November 14, 2024, growth in Network18's scale of operations is expected to be driven by its dominant position in TV & digital media business.

Liquidity: Strong

Network18's strong liquidity is marked by sizable unutilised working capital limits as on Sept. 30, 2024. Network18 belongs to a strong group (RIL group), which ensures superior financial flexibility. Its liquidity is underpinned by the parent group's stance to extend financial support to it, if required.

Key weaknesses

Modest digital news and print media business

Network18's has been incurring net losses in its digital news and print media business due to high operating cost base considering investments in the last few years to strengthen its editorial coverage and technology infrastructure. However, there has been consistent growth in revenues in view of strong market position of Network18's digital and print media business. Also, post-merger of Network18, TV18, and E18, Network18 now operates digital and print news, TV news portfolio and moneycontrol.com, which is expected to support its standalone financial risk profile.

Moderate capital structure

Network18's consolidated overall gearing improved to 0.33x as on Sept. 30, 2024 (1.32x as on March 31, 2023), primarily considering large equity infusion in Q1FY24 in VMPL. In April 2023, Bodhi Tree Systems and RIL group entities infused funds in VMPL of ₹4,306 crore (equity and compulsorily convertible preference share capital) and ₹10,839 crore (compulsorily convertible preference share capital) respectively. In June 2023, RIL group entities sold a portion of compulsorily convertible preference share capital holding in VMPL to Bodhi Tree Systems. Recently, RIL has bought out Paramount Global's stake of 13.01% in VMPL for ₹4,286 crore. Consequently, on a fully diluted basis, RIL hold 70.49% stake; Network18 – 13.54%; Bodhi Tree Systems – 15.97% in VMPL. CARE Ratings believes Network18's consolidated overall gearing has moderated post transfer of VMPL's assets & liabilities to SIPL effective from November 14, 2024.

Competitive industry necessitate regular investments in content offerings

Competition among top TV channels and extremely dynamic channel rankings, necessitate regular investments in existing and new content offerings. Going forward, investment intensity of Network18's operations is expected to continue amidst expansion plans.

Volatility of advertisement revenue in the competitive media industry

Network18's consolidated advertisement revenue constitutes over 50% of its TOI. Advertisement revenue remains vulnerable to factors such as market competition, content viewership, quality and popularity of content being broadcast, trends in media sector, regulatory changes, and level of economic activity in general.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environment	Due to nature of its operations, Network18 does not have significant greenhouse gas emissions. However, the company is continuously evaluating ways to reduce electricity consumption. Sewage generated is treated in sewage treatment plants, and recycled water is used for irrigation/gardening purposes. Electronic items discarded by the company are channelled through authorised recyclers in accordance with requisite guidelines issued by Ministry of Environment, Forest and Pollution Control Board.
Social	The company has a robust mechanism to safeguard user data. The company sensitises its employees on a regular basis on cyber security issues.
Governance	Network18's senior leadership comprises a seven-member Board with diversity in qualification, skill set, and experience, among others. Presently, the Board consists of three women directors and three independent directors. Through its committees, the Board of Directors oversees ESG initiatives and performance. The risk of non-compliance within the company is mitigated by a digitally enabled compliance management framework.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Service Sector Companies](#)

[Factoring Linkages Parent Sub JV Group](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial Sector Entities](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Media, entertainment & publication	Entertainment	Media & entertainment

Network18 was founded in 1996. Independent Media Trust (whose sole beneficiary is RIL) acquired 73.15% stake (directly and indirectly) in Network18 in 2014, making it a subsidiary of RIL. Post merger of TV18 and E18 into Network18, Independent Media Trust, and other promoter group entities, together hold a majority stake (56.89%) in Network18. Network18 is media business vertical of RIL group.

At a standalone level, Network18 is present in digital news segment (moneycontrol.com, firstpost.com and news18.com), print segment (Forbes India, Overdrive) and news broadcasting with six news channels in general and business news category and 14 regional news channels across India (including JV, News18 Lokmat).

Network18 holds 24.5% stake in ETPL, which operates a portfolio of seven channels for Telugu speaking markets of Andhra/Telangana.

It is the largest shareholder in entertainment ticketing and live event platform, bookmyshow.com, with ~39% stake. It has allied investments in Colosseum, Yatra, Ubona, and other companies.

Brief Financials of Network18 – Consolidated (₹ crore)	FY23 (A)	FY24 (A)	H1FY25 (UA)
Total operating income	6,225	9,297	4,966
PBILDT	137	-658	-328
PAT/Net Loss	-16	-325	-348
Overall gearing (times)	1.32	0.29	0.33
Interest coverage (times)	0.66	NM	NM

A: Audited; UA: Unaudited; NM: Not meaningful; Note: these are latest available financial results
Financials classified per CARE Ratings' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument/facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial paper- Commercial paper (Standalone)	INE870H14TQ2	25-Oct-24	7.24%	15-Jan-25	100	CARE A1+
	INE870H14TQ2	25-Oct-24	7.24%	15-Jan-25	50	
	INE870H14TR0	28-Oct-24	7.24%	27-Jan-25	150	
	INE870H14TS8	29-Oct-24	7.24%	28-Jan-25	100	
	INE870H14TT6	05-Nov-24	7.25%	04-Feb-25	125	
	INE870H14TU4	06-Nov-24	7.25%	05-Feb-25	75	
	INE870H14TW0	08-Nov-24	7.21%	07-Feb-25	150	
	INE870H14TV2	11-Nov-24	7.21%	10-Feb-25	100	
	INE870H14TY6	27-Nov-24	7.24%	12-Feb-25	100	
	INE870H14TX8	26-Nov-24	7.24%	14-Feb-25	200	
	INE870H14TZ3	28-Nov-24	7.23%	27-Feb-25	100	
	INE870H14UA4	29-Nov-24	7.23%	28-Feb-25	200	
	INE870H14UB2	03-Dec-24	7.23%	03-Mar-25	100	
	INE870H14UC0	03-Dec-24	7.23%	04-Mar-25	150	
	INE870H14UF3	06-Dec-24	7.21%	06-Mar-25	125	
	INE870H14UE6	09-Dec-24	7.21%	07-Mar-25	125	
	INE870H14UD8	10-Dec-24	7.21%	11-Mar-25	100	
INE870H14UG1	13-Dec-24	7.21%	13-Mar-25	150		
INE870H14UH9	13-Dec-24	7.21%	12-Mar-25	50		
	Proposed				500	
Fund-based/Non-fund-based-LT/ST	-	-	-	-	1,750	CARE AAA; Stable/ CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	1,750	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (18-Oct-24) 2)CARE AAA; Stable / CARE A1+ (25-Sep-24)	1)CARE AAA; Stable / CARE A1+ (26-Sep-23)	1)CARE AAA; Stable / CARE A1+ (27-Sep-22) 2)CARE AAA; Stable / CARE A1+ (31-May-22)	1)CARE AAA; Stable / CARE A1+ (28-Sep-21)
2	Commercial Paper- Commercial Paper (Standalone)	ST	2,250	CARE A1+	1)CARE A1+ (18-Oct-24) 2)CARE A1+ (25-Sep-24)	1)CARE A1+ (26-Sep-23)	1)CARE A1+ (27-Sep-22) 2)CARE A1+ (31-May-22)	1)CARE A1+ (28-Sep-21)
3	Commercial Paper- Commercial Paper (Standalone)	ST	500	CARE A1+	-	-	-	-

ST- Short term; LT/ST- Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated as on Sept. 30, 2024

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	AETN18 Media Private Limited	Full	Subsidiary
2	Viacom 18 Media Private Limited *		
3	Viacom 18 Media (UK) Limited *		
4	Viacom 18 US Inc. *		
5	Roptonal Limited (ceased to be subsidiary from September 17, 2024)		
6	Colosceum Media Private Limited		
7	Moneycontrol Dot Com India Limited		
8	Greycells18 Media Limited		
9	Network18 Media Trust		
10	Digital18 Media Limited (upto 14 th March 2024) *		
11	Media18 Distribution Services Limited		
12	Web18 Digital Services Limited		
13	Infomedia Press Limited		
14	IndiaCast Media Distribution Private Limited **		
15	IndiaCast UK Limited **		
16	IndiaCast US Limited **		
17	Eenadu Television Private Limited	Proportionate	Associate and Joint Venture
18	Big Tree Entertainment Private Limited		
19	Big Tree Entertainment Singapore PTE. Limited		
20	Bookmyshow Live Private Limited		
21	Bookmyshow Venues Management Private Limited		
22	Fantain Sports Private Limited		
23	Foodfesta Wellcare Private Limited		
24	SpaceBound Web Labs Private Limited		
25	Dyulok Technologies Private Limited		
26	Popclub Vision Tech Private Limited		
27	Big Tree Entertainment Lanka (Pvt) Limited		
28	Bookmyshow SDN. BHD.		
29	Big Tree Sport & Recreational Events Tickets Selling L.L.C		
30	PT. Big Tree Entertainment Indonesia		
31	Townscript USA, Inc.		
32	Townscript PTE. Limited		
33	TribeVibe Entertainment Private Limited		
34	IBN Lokmat News Private Limited		
35	Ubona Technologies Private Limited		
36	Peppo Technologies Private Limited		

* RIL has intimated its intent to convert CCPS into equity shares of VMPL. With the conversion of CCPS into equity, VMPL and its subsidiaries will cease to be subsidiaries of Network18.

** Indiacast Media Distribution Private Limited was a subsidiary of Network18 until 13th November 2024 and became a fellow subsidiary effective from 14th November 2024.

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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