

Network18 Media & Investments Limited

February 27, 2020

Material Event Update

Reliance Industries Limited (RIL; rated CARE AAA; Stable/ CARE A1+) recently announced that it intends to consolidate its entire media and distribution businesses which are spread across various entities, into Network18 Media & Investments Limited (NW18). This arrangement will result in TV18 Broadcast Limited (TV18; rated CARE AAA; Stable/CARE A1+), Hathway Cable & Datacom Limited and DEN Networks Limited merging into NW18. NW18 will directly hold 51% stake in Viacom18 Media Private Limited (VMPL; rated CARE AAA; Stable/ CARE A1+). The broadcasting business will be housed in NW18 and the cable and Internet Service Provider (ISP) businesses into separate wholly owned subsidiaries of NW18. The merger scheme is subject to various regulatory approvals and is expected to be completed by Q2FY21.

The ratings assigned to the bank facilities as well as instruments of NW18 majorly derive strength from the strong parentage of the company with RIL indirectly holding major stake in the company and its importance for the RIL group since it represents the group's major investment in media and broadcasting segments as well as its strong operational synergies with the digital services business of RIL (i.e. Reliance JioInfocomm Limited). The recent announcement of consolidation of the entire media and distribution business into NW18 would be a credit positive for the company and the ratings would remain unchanged. The new simplified structure would reduce the number of listed entities as well as various overheads which will result into cost synergies and create a large media & distribution company having strong market position in both TV broadcasting and cable distribution segments.

Post merger, the debt rated in TV18 will be shifted to NW18 and VMPL would become a direct subsidiary of NW18 which will have an equity stake of 51%.

Please refer the following link for the previous Press Releases published on October 09, 2019, September 30, 2019 and July 05, 2019 respectively.

<http://www.careratings.com/upload/CompanyFiles/PR/Network18%20Media%20%20Investments%20Limited-10-09-2019.pdf>

<http://www.careratings.com/upload/CompanyFiles/PR/TV18%20Broadcast%20Limited-09-30-2019.pdf>

<http://www.careratings.com/upload/CompanyFiles/PR/Viacom18%20Media%20Private%20Limited-07-05-2019.pdf>

Analytical approach: Consolidated

Based on similar line of business and the structure of the group, CARE has taken a consolidated analytical approach and has included TV18 Broadcast Limited (51.17% subsidiary of Network18), Viacom18 Media Private Limited (51% subsidiary of TV18), IndiaCast Media Distribution Private Limited and AETN18 Media Private Limited (51% subsidiary). Further, the strategic importance of the company for the RIL group's media business as well as expected financial support from the parent group, if required, has been taken into consideration.

About the Company-NW18

Network18 Media & Investments Limited (Network18) was founded in 1996. Independent Media Trust (whose sole beneficiary is Reliance Industries Ltd (RIL; rated CARE AAA; Stable/A1+) acquired 73.16% stake (directly and indirectly) in July 2014. Network18 is a media and entertainment conglomerate with interests in television, internet, filmed entertainment, digital business, magazines, mobile content and allied businesses. Network18 manages various digital businesses including portals such as moneycontrol.com, News18.com and firstpost.com. It is the largest shareholder in entertainment ticketing and live event platform bookmyshow.com, with ~39% stake. Further, Network18 has allied investments in Colosseum, Toppers, Yatra, Ubona and other companies. Through its subsidiary, TV18 Broadcast Limited (TV18: 51.17% holding), the group operates news channels. TV18 through its 51% subsidiary (Viacom18 Media Pvt Ltd) offers various Hindi/Regional/English General Entertainment Channels and Kids/Music/Youth channels as well. TV18 also has a 51% subsidiary (AETN18 with the joint venture partner A+E Networks) for factual entertainment and lifestyle channels - History TV18 and FYI TV18 respectively. In addition, Network18 also has presence in the publishing segment through specialized magazines Forbes India, Overdrive, Better Interiors and Better Photography.

About the Company-TV18

TV18 Broadcast Limited is a subsidiary of Network 18 Media & Investments Limited (Network18; rated CARE AAA; Stable/A1+). Independent Media Trust {whose sole beneficiary is Reliance Industries Ltd (RIL; 100% ownership; rated CARE AAA; Stable/CARE A1+)} acquired 73.16% stake (directly and indirectly) in Network18 in -July 2014, thus making it a subsidiary of RIL. Network18 is a media and entertainment company with interests across television, digital content, filmed 3 CARE Ratings Limited Press Release entertainment, e-commerce magazines and allied businesses. Network18 manages various digital businesses including portals such as moneycontrol.com, news18.com and firstpost.com. It also is the largest shareholder in entertainment ticketing platform –bookmyshow. . In addition, Network18 also has presence in the publishing segment and publishes Forbes India, Overdrive, Better Interiors and Better Photography. Network18 holds a 51.17% stake in

TV18 Broadcast Limited, which manages its primary business of broadcasting. On a standalone basis, it currently operates news channels viz. CNN News18, and News18 India in the realm of general news and CNBC-TV18, CNBC Awaaz, CNBC Bazaar and CNBC-TV18 Prime HD in the business news category and 14 regional news channels across India. TV18, through its subsidiary (51%) Viacom18 Media Private Limited (VMPL; rated CARE AAA; Stable/ CARE A1+) operates an array of entertainment channels. The entertainment portfolio comprises of Hindi general entertainment channels, English entertainment, Youth and Musical entertainment, Kids genre and Regional entertainment channels in six geographies as well. This includes leading channels like Colors, MTV and Nickelodeon. TV18 and Viacom18 have also formed a strategic joint venture called IndiaCast which drives domestic and international channel distribution, placement services and content syndication for the group's channels as well as for other broadcasters. The group also has a presence in the movie business, which it operates through Viacom18 Motion Pictures. History TV18 is another info-entertainment channel, operated by AETN18, in which the company has a 51% stake with the remaining stake being held by AETN networks. The JV has also commercially launched a lifestyle channel named FYI TV18, in July 2016.

About the Company-VMPL

Viacom18 Media Private Limited (VMPL) is a subsidiary of TV18 Broadcast Limited (TV18), which is the broadcasting arm of Network 18 group. TV18 owns 51% in VMPL while the remaining stake is held by MTV Asia Ventures (India) Pte Ltd and Nickelodeon Asia Holdings Pte. Ltd (Viacom Inc. group companies). VMPL operates GECs such as – 'Colors', 'Colors HD', 'Rishtey', 'Comedy Central' (English), music channels such as –'MTV', 'VH1' and 'MTV Indies' and entertainment channels for kids such as, 'Sonic', 'Nick' and 'Nick Jr.'. VMPL also has presence in movie production and distribution business under a division viz Viacom 18 Motion Pictures. VMPL has an alliance with Paramount Pictures, the leading Hollywood studio, to distribute and market its films in the Indian subcontinent. VMPL and TV18 are joint venture partners in IndiaCast Media Distribution Pvt Ltd (IndiaCast) to consolidate distribution functions and drive monetization of content for channels of TV18 and VMPL. VMPL has also developed an in house app called "VOOT" which is a digital platform on which it broadcasts its own shows as well as purchased shows.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based/Non-fund-based-LT/ST	LT/ST	500.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (09-Oct-19)	1)CARE AAA; Stable / CARE A1+ (30-Jan-19)	1)CARE AAA; Stable / CARE A1+ (30-Jan-18)	1)CARE AAA; Stable / CARE A1+ (06-Feb-17)
2.	Commercial Paper	ST	1500.00	CARE A1+	1)CARE A1+ (09-Oct-19)	1)CARE A1+ (30-Jan-19)	1)CARE A1+ (30-Jan-18)	1)CARE A1+ (06-Feb-17)
3.	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	1)Withdrawn (09-Oct-19)	1)CARE AAA; Stable / CARE A1+ (30-Jan-19)	1)CARE AAA; Stable / CARE A1+ (30-Jan-18)	1)CARE AAA; Stable / CARE A1+ (06-Feb-17)
4.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (09-Oct-19)	1)CARE AAA; Stable (30-Jan-19)	-	-

Annexure-2: List of subsidiaries, associates and joint ventures of Network18 getting consolidated (as on March 31, 2019)

Sr. No.	Name of Company	% of holding
Direct Subsidiaries		
1	TV18 Broadcast Limited	51.17
2	Infomedia Press Limited	50.69
3	e-Eighteen.com Limited	91.95
4	Network18 Media Trust	100
5	Colosceum Media Private Limited	100
6	Greycells18 Media Limited	89.69
Associates of the Company		
7	NW18 HSN Holdings Plc	40.69
8	TV18 Home Shopping Network Limited#	49.96
9	Big Tree Entertainment Private Limited	39.29
Joint Venture of the company		
10	Ubona Technologies Private Limited	50
Subsidiaries of TV18 Broadcast Limited		
11	Viacom18 Media Private Limited@	51
12	IndiaCast Media Distribution Private Limited@\$	100
13	AETN18 Media Private Limited	51
Subsidiaries of Viacom18 Media Private Limited		
14	Viacom18 Media (UK) Limited@	100
15	Viacom18 US Inc@	100
16	Roptonal Limited@	100
Subsidiaries of IndiaCastMedia Distribution Private Limited		
17	IndiaCast UK Limited@	100
18	IndiaCast US Limited@	100
Subsidiary of e-Eighteen.com Limited		
19	Moneycontrol Dot Com India Limited	100
Joint Venture of TV18 Broadcast Limited		
20	IBN Lokmat News Private Limited	50
Associate of TV18 Broadcast Limited		
21	Eenadu Television Private Limited	24.50
Subsidiaries of Associate Big Tree Entertain Private Limited		
22	Fantain Sports Private Limited	70.16
23	Spacebound Web labs Private Limited	100
24	Big Tree Entertainment Singapore PTE Limited	100
25	PT Big Tree Entertainment Indonesia	100
26	Dyulok Technologies Private Limited	75.01
27	Townscript USA, Inc.	75.01
28	FoodfestaWellcare Private Limited	100
29	Big Tree Entertainment Lanka (Pvt) Limited	100
30	Big Tree Entertainment DMCC	100
31	Big Tree Sport & Recreational Events Tickets Selling LLC	100
32	Bookmyshow SDN. BHD	100
33	Nomobo Entertainment Private Limited	100
34	Go2space Event Management Private Limited	100
Subsidiaries of Associate TV18 Home Shopping Network Limited		
35	Shop CJ Network Private Limited	100

#The company holds effectively 18.52% of the shareholding through NW18 HSN Holding PLC and 31.44% directly.

@Accounted as Joint venture till February 28, 2018. Consolidated as subsidiary w.e.f. March 01, 2018.

\$TV18 Broadcast Limited holds 50% of the shareholding through Viacom18 Media Private Limited and 50% directly.

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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