

April 29, 2021

Network18 Media & Investments Limited – Update on Material Event

Summary of rating(s) outstanding

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Outstanding |
|---|-----------------------------------|----------------------------------|--------------------|
| Commercial Paper Programme | 1,500.0 | 1,500.0 | [ICRA]A1+ |
| Overdraft / Working Capital Demand Loan | 30.0 | 30.0 | [ICRA]A1+ |
| Short-term Unallocated Limits | 470.0 | 470.0 | [ICRA]A1+ |
| Total | 2,000.00 | 2,000.00 | |

*Instrument details are provided in Annexure-1

Rationale

On February 17, 2020, Network18 intimated the stock exchanges regarding a scheme of amalgamation and arrangement amongst Network18, TV18, DEN Networks Limited (DEN) and Hathway Cable & Datacom Limited (Hathway). Under the scheme, DEN, Hathway and TV18 were to merge into Network18 with effect from February 1, 2020, subject to receipt of necessary approvals; to consolidate Reliance Industries Limited's (RIL, rated [ICRA]AAA (Stable) / [ICRA]A1+ and Baa2 Stable by Moody's Investors Service) media and distribution business spread across multiple entities into Network18.

The company again announced on April 20, 2021 that considering more than a year has passed from the time the Board considered the Scheme, the Board of the Company has decided not to proceed with the arrangement envisaged in the Scheme.

ICRA has taken cognizance of the above and the rating remains unchanged at the earlier rating of [ICRA]A1+ as the company would continue with the existing corporate structure.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities,: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | Corporate Credit Rating Methodology Rating Methodology for Media Broadcasting Industry Impact of Parent or Group Support on an Issuer's Credit Rating |
| Parent/Group Support | <p>Parent / Group Company: RIL Group. IMT, of which RIL is the sole beneficiary, holds a majority stake in Network18, which has a 51.17% stake in TV18. Viacom18 is a step subsidiary of Network18.</p> <p>ICRA expects the RIL Group to continue extending timely financial support to Network18 Group, should there be a need, as they are a key player in the telecom and media value-chain that RIL is focusing on.</p> |
| Consolidation/Standalone | <p>The rating is based on the consolidated financial profile of the company. The list of entities considered for consolidation as on March 31, 2021, is provided in Annexure-2.</p> |

About the company

Network18 Media and Investments Limited is a media and entertainment company with interests in television broadcasting, internet, filmed entertainment, digital commerce, magazines, and allied businesses. Network18 manages various internet media businesses, including portals such as moneycontrol.com, news18.com and firstpost.com. It also has investments in e-commerce properties such as bookmyshow.com and yatra.com. Homeshop18, which operated the digital commerce platform, ceased to be an associate with effect from June 06, 2019 and the company subsequently exited the venture by selling off its residual stake subsequently during Q1 FY2020. In addition, Network18 is also present in the publishing segment and publishes Forbes India, Overdrive, and Better Photography magazines. Network18 also has allied investments in Colosseum, Toppers, Ubona and other companies.

Through its 51.17% subsidiary - TV18 Broadcast Limited, the Group operates news channels like CNBC TV18, CNBC Awaaz, CNBC Bajar, CNBC TV18 Prime HD, CNN News18, News18 India, News18 Lokmat (a Marathi regional news channel in partnership with the Lokmat Group) and 13 regional news channels under the News18 umbrella. TV18 also operates a 51:49 JV with Viacom Inc., called Viacom18 Media Private Limited. Viacom18 houses a portfolio of GECs, niche channels and movie channels such as Colors, Colors Rishtey and Rishtey Cineplex, MTV India, MTV Beats, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, and Nick Jr and RGECS in six geographies under the brand Colors, including various HD feeds of entertainment channels. It also houses the Group's filmed entertainment business under Viacom18 Motion Pictures. In May 2016, Viacom18 launched VOOT, its exclusive digital video application in the OTT space; subsequently the company launched expansions - VOOT International and VOOT Kids in Q4 FY2019 and Q3 FY2020, respectively, with VOOT Select being launched in Q4 FY2020.

AETN18, a 51:49 JV between TV18 and A&E Television Networks, operates an infotainment channel, History TV18. Network18 is also the largest shareholder (~39%) in the entertainment ticketing platform Bookmyshow.

Key financial indicators (audited)

| Network18 Consolidated | FY2020 | FY2021 |
|--|---------|---------|
| Operating Income (Rs. crore) | 5,357.2 | 4,705.1 |
| PAT (Rs. crore) | 104.4 | 570.5 |
| OPBDIT/OI (%) | 11.4% | 16.9% |
| PAT/OI (%) | 1.9% | 12.1% |
| Total Outside Liabilities/Tangible Net Worth (times) | 1.7 | 1.2 |
| Total Debt/OPBDIT (times) | *5.6 | *3.2 |
| Interest Coverage (times) | 2.6 | 5.1 |

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: Company, ICRA Research

* The long-term debt includes a lease liability.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| | Instrument | Current Rating (FY2022) | | | | Chronology of Rating History for the past 3 years | | | |
|---|---------------------------------------|-------------------------|--------------------------|--|------------------|---|--|--------------------------------|--------------------------------|
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (As on March 31, 2021, Rs. Crore) | Date & Rating in | Date & Rating in FY2021 | Date & Rating in FY2020 | Date & Rating in FY2019 | |
| | | | | | Apr 29, 2021 | Nov 09, 2020 Apr 14, 2020 | Feb 28, 2020 Oct 01, 2019 | Jan 25, 2019 | Aug 03, 2018 |
| 1 | Commercial Paper Programme | Short-term | 1,500.0 | 1,387.0 | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ |
| 2 | Borrowing Programme (Bank Loan / NCD) | Long-term | 0.0 | - | - | - | [ICRA]AA+ (Negative) Withdrawn | [ICRA]AAA (Stable) | [ICRA]AAA (Stable) |
| 3 | Fund-based Limits | Short-term | 30.0 | - | [ICRA]A1+ | [ICRA]A1+ | [ICRA]AA+ (Negative) Withdrawn / [ICRA]A1+ | [ICRA]AAA (Stable) / [ICRA]A1+ | - |
| 4 | Fund-based Limits | Long-term / Short-term | - | - | - | - | [ICRA]AA+ (Negative) Withdrawn / [ICRA]A1+ | [ICRA]AAA (Stable) / [ICRA]A1+ | [ICRA]AAA (Stable) / [ICRA]A1+ |
| 5 | Unallocated Limits | Short-term | 470.0 | - | [ICRA]A1+ | [ICRA]A1+ | [ICRA]AA+ (Negative) Withdrawn / [ICRA]A1+ | [ICRA]AAA (Stable) / [ICRA]A1+ | [ICRA]AAA (Stable) / [ICRA]A1+ |

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 [click here](#)

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 | Overdraft / Working Capital Demand Loan | NA | NA | NA | 30.0 | [ICRA]A1+ |
| NA | Short-term Unallocated Limits | NA | NA | NA | 470.0 | [ICRA]A1+ |
| INE870H14LQ9 | Commercial Paper | Jan 15, 2021 | 3.35% | Mar 30, 2021 | 50 | [ICRA]A1+ |
| INE870H14LQ9 | Commercial Paper | Jan 15, 2021 | 3.35% | Mar 30, 2021 | 25 | [ICRA]A1+ |
| INE870H14LP1 | Commercial Paper | Jan 06, 2021 | 3.42% | Apr 07, 2021 | 50 | [ICRA]A1+ |
| INE870H14LP1 | Commercial Paper | Jan 06, 2021 | 3.42% | Apr 07, 2021 | 25 | [ICRA]A1+ |
| INE870H14LS5 | Commercial Paper | Jan 22, 2021 | 3.71% | Apr 23, 2021 | 125 | [ICRA]A1+ |
| INE870H14LR7 | Commercial Paper | Jan 27, 2021 | 3.71% | Apr 28, 2021 | 100 | [ICRA]A1+ |
| INE870H14LT3 | Commercial Paper | Feb 05, 2021 | 3.68% | May 07, 2021 | 25 | [ICRA]A1+ |
| INE870H14LT3 | Commercial Paper | Feb 08, 2021 | 3.68% | May 07, 2021 | 15 | [ICRA]A1+ |
| INE870H14LT3 | Commercial Paper | Feb 08, 2021 | 3.68% | May 07, 2021 | 10 | [ICRA]A1+ |
| INE870H14LV9 | Commercial Paper | Feb 08, 2021 | 3.71% | May 10, 2021 | 50 | [ICRA]A1+ |
| INE870H14LU1 | Commercial Paper | Feb 16, 2021 | 3.71% | May 18, 2021 | 75 | [ICRA]A1+ |
| INE870H14LX5 | Commercial Paper | Feb 22, 2021 | 4.10% | Aug 23, 2021 | 25 | [ICRA]A1+ |
| INE870H14LX5 | Commercial Paper | Feb 25, 2021 | 4.10% | Aug 23, 2021 | 25 | [ICRA]A1+ |
| INE870H14LW7 | Commercial Paper | Feb 24, 2021 | 4.10% | Aug 24, 2021 | 100 | [ICRA]A1+ |
| INE870H14LY3 | Commercial Paper | Feb 25, 2021 | 4.10% | Aug 25, 2021 | 50 | [ICRA]A1+ |
| INE870H14LZ0 | Commercial Paper | Feb 26, 2021 | 4.56% | Feb 25, 2022 | 50 | [ICRA]A1+ |
| INE870H14LZ0 | Commercial Paper | Feb 26, 2021 | 4.56% | Feb 25, 2022 | 25 | [ICRA]A1+ |
| INE870H14MB9 | Commercial Paper | Mar 04, 2021 | 3.52% | Jun 03, 2021 | 50 | [ICRA]A1+ |
| INE870H14MA1 | Commercial Paper | Mar 05, 2021 | 3.52% | Jun 04, 2021 | 100 | [ICRA]A1+ |
| INE870H14MC7 | Commercial Paper | Mar 12, 2021 | 4.52% | Mar 11, 2022 | 25 | [ICRA]A1+ |
| INE870H14MF0 | Commercial Paper | Mar 15, 2021 | 3.68% | Jun 14, 2021 | 75 | [ICRA]A1+ |
| INE870H14MF0 | Commercial Paper | Mar 15, 2021 | 3.68% | Jun 14, 2021 | 25 | [ICRA]A1+ |
| INE870H14ME3 | Commercial Paper | Mar 15, 2021 | 3.68% | Jun 11, 2021 | 100 | [ICRA]A1+ |
| INE870H14MG8 | Commercial Paper | Mar 16, 2021 | 3.68% | Jun 15, 2021 | 50 | [ICRA]A1+ |
| INE870H14MH6 | Commercial Paper | Mar 17, 2021 | 3.74% | Jun 16, 2021 | 125 | [ICRA]A1+ |

| ISIN No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|------------------|------------------|-----------------------------|-------------|---------------|-------------------------|----------------------------|
| INE870H14MD5 | Commercial Paper | Mar 19, 2021 | 3.68% | Jun 18, 2021 | 100 | [ICRA]A1+ |
| Yet to be placed | Commercial Paper | NA | NA | NA | 25 | [ICRA]A1+ |

Source: Company

Annexure-2: List of entities considered for consolidated analysis (As on March 31, 2021)

| Company Name | Ownership | Consolidation Approach |
|---|-----------|------------------------|
| Network18 Media Trust | 100.00 | Full Consolidation |
| TV18 Broadcast Limited | 51.17 | Full Consolidation |
| Infomedia Press Limited | 50.69 | Full Consolidation |
| AETN18 Media Private Limited | 51.00 | Full Consolidation |
| e-Eighteen.com Limited | 91.95 | Full Consolidation |
| Moneycontrol Dot Com India Limited | 100.00 | Full Consolidation |
| NW18 HSN Holdings Plc | 40.69 | Equity Method |
| Colosceum Media Private Limited | 100.00 | Full Consolidation |
| Greycells18 Media Limited | 89.69 | Full Consolidation |
| IBN Lokmat News Private Limited | 50.00 | Equity Method |
| Viacom18 Media Private Limited (Viacom18) | 51.00 | Full Consolidation |
| Viacom18 Media (UK) Limited | 100.00 | Full Consolidation |
| Viacom18 US Inc | 100.00 | Full Consolidation |
| Roptonal Limited | 100.00 | Full Consolidation |
| Indiacast Media Distribution Private Limited (Indiacast) | 100.00 | Full Consolidation |
| Indiacast UK Ltd | 100.00 | Full Consolidation |
| Indiacast US Ltd | 100.00 | Full Consolidation |
| Ubona Technologies Private Limited | 50.00 | Equity Method |
| Eenadu Television Private Limited | 24.50 | Equity Method |
| Big Tree Entertainment Private Limited | 39.29 | Equity Method |
| Spacebound Web labs Private Limited | 100.00 | Equity Method |
| Big Tree Entertainment Singapore Pte Ltd. | 78.13 | Equity Method |
| Fantain Sports Private Limited | 75.89 | Equity Method |
| PT Big Tree Entertainment Indonesia | 100.00 | Equity Method |
| Big Tree Entertainment Lanka (Pvt) Limited | 100.00 | Equity Method |
| Dyulok Technologies Private Limited | 77.29 | Equity Method |
| Foodfesta Wellcare Private Limited | 100.00 | Equity Method |
| Big Tree Entertainment DMCC | 100.00 | Equity Method |
| Townscript USA, Inc. | 100.00 | Equity Method |
| Townscript PTE. Limited, Singapore | 100.00 | Equity Method |
| Bookmyshow Live Private Limited (earlier known as Nomobo Entertainment Private Limited) | 100.00 | Equity Method |
| Big Tree Sport & Recreational Events Tickets Selling L.L.C | 49.00 | Equity Method |
| Bookmyshow Venues Management Private Limited (earlier known as Go2space Event Management Private Limited) | 100.00 | Equity Method |
| Bookmyshow SDN. BHD | 100.00 | Equity Method |
| TribeVibe Entertainment Private Limited (w.e.f. 12th June, 2019) | 100.00 | Equity Method |
| Media18 Distribution Services Limited | 100.00 | Full Consolidation |
| Web18 Digital Services Limited | 100.00 | Full Consolidation |
| Digital18 Media Limited | 100.00 | Full Consolidation |

Source: Company

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