

May 09, 2022

## Viacom18 Media Private Limited: Update on Material Event

### Summary of rating action

| Instrument*                                  | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Outstanding |
|--|-----------------------------------|----------------------------------|--------------------|
| Commercial Paper Programme                   | 500.0                             | 500.0                            | [ICRA]A1+          |
| Short-term, Fund-based/Non fund based Limits | 1865.0                            | 1940.0                           | [ICRA]A1+          |
| Short-term - Unallocated                     | 75.7                              | 0.7                              | [ICRA]A1+          |
| <b>Total</b>                                 | <b>2,440.7</b>                    | <b>2,440.7</b>                   |                    |

\*Instrument details are provided in Annexure-1

### Rationale

On April 27, 2022, TV18 Broadcast Limited (TV18) intimated the stock exchange regarding strategic partnership between Reliance Industries Limited, RIL (rated [ICRA]AAA (Stable)/[ICRA]A1+), Bodhi Tree Systems and Paramount Global (rated Baa2 (Stable) by Moody's) and plans of Bodhi Tree Systems and Reliance Projects & Property Management Services, a wholly owned subsidiary of RIL, to invest Rs 13,500 crore and Rs 1,645 crore respectively in Viacom18 Media Private Limited (Viacom18). The entire investment will be a fresh infusion in Viacom18 and proceeds from the same will largely be used to make investments across digital, sports, and regional entertainment businesses which is expected to support the company's long-term growth path. Additionally, the JioCinema OTT app will be transferred to Viacom18. The company expects to close the transaction within six months, subject to requisite approvals.

ICRA has taken cognizance of the above development and expects that the strategic importance and linkages of Viacom18 with RIL's media business will continue to remain strong.

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   |
|--|--|
| <b>Applicable Rating Methodologies</b> | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Rating Methodology for Media Broadcasting Industry</a><br><a href="#">Impact of Parent or Group Support on an Issuer's Credit Rating</a><br><a href="#">ICRA approach for rating commercial paper</a><br><a href="#">Consolidation and Rating approach</a>  |
| <b>Parent/Group Support</b>            | 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.<br><br>ICRA expects TV18 to continue extending timely financial support to Viacom18, should there be a need, as they are a key player in the media value-chain that RIL is focusing on. |
| <b>Consolidation/Standalone</b>        | 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.   |

## About the company

Incorporated in 1995, Viacom18 Media Private Limited is a 51:49 JV between TV18 Broadcast Limited and ViacomCBS. On February 28, 2018, TV18 increased its stake in Viacom18 to 51% from 50%, thereby making it a subsidiary of the company. Viacom18 is present in the television broadcasting space with a presence across the Hindi GEC space and niche genres such as youth, kids and English GEC. In the Hindi GEC space, it operates channels such as Colors, Colors HD, Colors Rishtey and Rishtey Cineplex, while it is present in the English GEC segment through Comedy Central, Vh1 and Colors Infinity. In the youth genre, it has channels such as MTV and MTV Beats; while in the children's genre, its portfolio is represented by channels such as Sonic, Nickelodeon and Nick Jr. During September 2016, Viacom18 concluded the merger of Prism TV (a JV between Nickelodeon Asia Holdings Pte Ltd, a Viacom Inc. company, and TV18) with itself, effective from April 01, 2015. It has 10 regional entertainment channels in six geographies under the brand Colors, including various HD feeds of entertainment channels.

Viacom18 also has a presence in the film production and distribution business under a division, Viacom 18 Motion Pictures. In addition to domestic film production and distribution, the company is also the sole distributor of all Paramount films in the Indian subcontinent. IndiaCast Media Distribution Pvt Ltd (IndiaCast), a JV between Viacom18 and TV18, is a content asset monetisation company, which manages the distribution and monetisation of the company's international business.

### Key financial indicators (audited)

| Consolidated   | FY2020  | FY2021  |
|--|---------|---------|
| Operating Income (Rs. crore)                         | 3,871.7 | 3,276.3 |
| PAT (Rs. crore)                                      | 353.6   | 583.1   |
| OPBDIT/OI (%)  | 14.7%   | 18.3%   |
| PAT/OI (%)   | 9.1%    | 17.8%   |
| Total Outside Liabilities/Tangible Net Worth (times) | 1.6     | 0.8     |
| Total Debt/OPBDIT (times)                            | 1.74    | 0.33    |
| Interest Coverage (times)                            | 7.4     | 14.3    |

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

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

| Instrument                           | Current Rating (FY2023) |                          |                                |                  | Chronology of Rating History for the past 3 years |              |                         |   |  |
|--------------------------------------|-------------------------|--------------------------|--------------------------------|------------------|---|--------------|-------------------------|---|--|
|                                      | Type                    | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating in | Date & Rating in FY2022                           |              | Date & Rating in FY2021 | Date & Rating in FY2020                       |  |
|                                      |                         |                          |                                | May 09, 2022     | Nov 26, 2021                                      | Apr 29, 2021 | Nov 09, 2020            | Feb 28, 2020<br>Jan 06, 2020                  |  |
| 1 Commercial Paper Programme         | Short-term              | 500.0                    | -                              | [ICRA]A1+        | [ICRA]A1+   | [ICRA]A1+    | [ICRA]A1+               | [ICRA]A1+                                     |  |
| 2 Fund-based / Non-fund Based Limits | Short-term              | 1,940.0                  | --                             | [ICRA]A1+        | [ICRA]A1+   | [ICRA]A1+    | [ICRA]A1+               | [ICRA]A1+                                     |  |
| 3 Fund-based / Non-fund Based Limits | Long-term/Short-term    | -                        | -                              |                  |   |              |                         | [ICRA]AAA (Stable)<br>Withdrawn/<br>[ICRA]A1+ |  |
| 4 Unallocated Limits                 | Short-term              | 0.7                      | -                              | [ICRA]A1+        | [ICRA]A1+   | [ICRA]A1+    | [ICRA]A1+               | [ICRA]A1+                                     |  |

## Complexity level of the rated instruments

| Instrument                        | Complexity Indicator |
|-----------------------------------|----------------------|
| Commercial Paper Programme        | Very Simple          |
| Fund-based /Non-fund Based Limits | Very Simple /Simple  |
| Unallocated Limits                | NA                   |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

| ISIN No/Banker Name | Instrument Name   | Date of Issuance | Coupon Rate | Maturity | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------------------|---|------------------|-------------|----------|-------------------------|----------------------------|
| NA                  | Overdraft / Working Capital Demand Loan / Letter of Credit / Bank Guarantee | NA               | NA          | NA       | 1,940.0                 | [ICRA]A1+                  |
| NA                  | Short-term Unallocated Limits   | NA               | NA          | NA       | 0.7                     | [ICRA]A1+                  |
| Yet to be placed    | Commercial Paper Programme  | NA               | NA          | NA       | 500.0                   | [ICRA]A1+                  |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

| Company Name                                 | LTHL Ownership | Consolidation Approach |
|--|----------------|------------------------|
| 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 | 50.0           | Equity Method          |

Source: Company

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