

December 15, 2023

Viacom18 Media Private Limited: Update on material event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper programme	500.00	500.00	[ICRA]A1+; Outstanding
Short-term – Fund-based/Non-fund based limits	1,940.00	1,940.00	[ICRA]A1+; Outstanding
Short-term – Unallocated	0.70	0.70	[ICRA]A1+; Outstanding
Total	2,440.70	2,440.70	

*Instrument details are provided in Annexure I

Rationale

On December 06, 2023, Network18 Media & Investments Limited (NW18) intimated the stock exchanges regarding a scheme of amalgamation and arrangement among Network18 Media & Investments Limited and its subsidiaries – TV18 Broadcast Limited (TV18) and e-Eighteen.Com Limited (E18). TV18 is the immediate parent of Viacom18 Media Private Limited (Viacom18). Under the scheme, E18 and TV18 will merge into Network18 with effect from April 1, 2023. As a result of the scheme, TV18's holding in Viacom18 will be transferred to NW18, which will become the immediate parent of Viacom18. The scheme seeks to achieve operational synergies, cost optimisation and increased revenue realisation. Further, Reliance Industries Limited (RIL, rated [ICRA]AAA(Stable/[ICRA]A1+) group will continue to be the majority shareholder in NW18, though the shareholding will reduce from 75% at present to 56.89% post completion of the amalgamation.

ICRA has taken cognizance of the above development and expects that the strategic importance and linkages of NW18 Group with RIL's media business will continue to remain strong. While assessing the credit profile of NW18, ICRA has factored in the consolidated financials of NW18, along with its subsidiaries (E18, TV18, Viacom18 and others), and the merger is unlikely to have any material impact on the credit profile of the rated entities. ICRA, however, will continue to monitor the developments in this respect and the impact of the same on Viacom18's credit risk profile

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	TV Broadcasting Corporate Credit Rating Methodology
Parent/Group support	Parent / Group Company: Reliance Industries Limited (RIL) Independent Media Trust, 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-down subsidiary of Network18. 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.
Consolidation/Standalone	The rating is based on the company's consolidated financial profile. The list of entities considered for consolidation as on March 31, 2023, is provided in Annexure II.

About the company

Incorporated in 1995, Viacom18 Media Private Limited is a subsidiary of TV18 Broadcast Limited with Paramount Global, Bodhi Tree Systems and RIL as the other shareholders. Viacom18 is present in the television broadcasting space with presence across the Hindi, English and Regional entertainment space and niche genres such as youth, kids and sports. In the Hindi entertainment space, it operates channels such as Colors, Colors HD, Colors Rishtey and Colors Cineplex Bollywood, while it is present in the English entertainment space through Comedy Central, Vh1 and Colors Infinity. In the youth genre, it has channels such as MTV and MTV Beats. In the kid's genre, its portfolio is represented by channels such as Sonic, Nickelodeon and Nick Jr. It has 14 regional entertainment channels including HD feeds in six geographies under the brand Colors. The company also has five sports channels in its portfolio.

Viacom18 announced on April 13, 2023 that following the sanction by NCLT Mumbai, the scheme of merger with Reliance Storage Limited became effective and Viacom18 allotted shares to Bodhi Tree Systems and RIL Group entities as consideration for the scheme of merger. Upon consummation of this merger, the integration of JioCinema into Viacom18 was completed and Viacom18 got access to Rs. 15,145 crore of cash for its planned growth. Post conversion of CCPS, the RIL Group (including TV18 share) will hold ~71% stake in the entity.

Key financial indicators (audited)

Viacom18 Consolidated	FY2022	FY2023
Operating income (Rs. crore)	4,145.4	4,555.0
PAT (Rs. crore)	680.9	7.7
OPBDIT/OI (%)	17.4%	2.1%
PAT/OI (%)	16.4%	0.2%
Total outside liabilities/Tangible net worth (times)	0.6	2.4
Total debt/OPBDIT (times)	0.0	38.1
Interest coverage (times)	97.2	1.2

Source: Company, ICRA Research 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	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years						
		Amount rated (Rs. crore)	Amount outstanding on Sep 30, 2023	Date & rating in FY2024		Date & rating in FY2023		Date & rating in FY2022		Date & rating in FY2021
				Dec 15, 2023	Nov 24, 2023	Nov 30, 2022	May 09, 2022	Nov 26, 2021	Apr 29, 2021	Nov 09, 2020
1 Commercial paper programme	Short term	500.0	0.0*	[ICRA]A1+	[ICRA]A1+	[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+	[ICRA]A1+	[ICRA]A1+
3 Unallocated limits	Short term	0.7	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

*Yet not issued

Complexity level of the rated instrument

Instrument	Complexity Indicator
Commercial paper programme	Very Simple
Fund-based/ Non-fund based limits	Simple
Short-term – Unallocated limits	Not Applicable

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 analysing 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 are available on ICRA's website: [Click Here](#).

Annexure I: Instrument details

ISIN	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	1940.0	[ICRA]A1+
NA	Short-term – Unallocated limits	NA	NA	NA	0.7	[ICRA]A1+
Yet to be placed	Commercial paper	NA	NA	NA	500.0	[ICRA]A1+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	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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