

October 31, 2024

Network18 Media & Investments Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper programme	1500.00	2250.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Short-term – Overdraft/ WCDL	367.50	1195.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Short-term – Non-fund based limits	0.00	55.00	[ICRA]A1+; assigned
Short-term – Unallocated limits	132.50	0.00	-
Total	2000.00	3500.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation / assignment continues to factor in Network18 Media & Investments Limited's (Network18) strategic importance as well as financial and managerial linkages with its parent entity Reliance Industries Limited's (RIL, rated [ICRA]AAA (Stable) / [ICRA]A1+). Independent Media Trust (IMT), of which RIL is the sole beneficiary, and other promoter group entities, together holds a majority stake (56.89%) in Network18. The media businesses under Network18 remain strategically important to RIL's digital ecosystem. Being a part of the RIL Group lends exceptional financial flexibility to the company, which is demonstrated by the track-record of raising funds at competitive rates in the market. The strong managerial linkage is evident from the presence of senior management from the RIL Group on the board of Network18.

Network18 has a strong and diversified presence across media segments including television, publishing, and digital media and is one of the largest assets of the RIL Group in the media and entertainment segment. It has a strong bouquet of news channels across languages with a healthy market share in viewership. Its digital businesses houses assets such as News18.com, Moneycontrol, Firstpost, Cnbctv18.com, etc. Its key subsidiaries include Viacom18 Media Private Limited (Viacom18), which is involved in the Entertainment business; with key strategic investments in BookMyShow, which is involved in the business of digital commerce, and Eenadu Television (owns and operates Telugu entertainment and news channels). ICRA expects Network18's revenues to grow by 8-10% in FY2025 led by the strong market position of channels along with a healthy increase in revenue from the digital business. This should also enable the company to improve its operating profitability.

As of March 2024, Network18 holds 51% stake in Viacom18. However, on a fully diluted basis, post conversion of the compulsory convertible preference shares (CCPS), RIL Group entities, excluding Network18, will hold 57.48% in Viacom18. Also, after the scheme of arrangement with Star India Private Limited (StarTV), which is expected to be completed in Q3 FY2025, the RIL's Group shareholding, on a fully diluted basis, will further increase by 13.01% upon acquisition of the stake held by the Paramount Group. Given the increasing strategic importance of Viacom18, ICRA expects RIL will directly provide timely financial and operational support to Viacom18, if required.

The rating strengths are offset by the modest operating profitability and debt protection metrics of Network18, which are likely to remain under pressure over the medium term due to significant investments in digital initiatives. While the TV news business generates healthy operating profits, losses from the print and digital businesses lead to moderation in operating profitability at the Network18 Group level. The investments towards content development and distribution reach, given the significant potential of the digital platform, are likely to continue in the medium term resulting in the overall free cash flows to remain muted. The company's ability to maintain its market share for its key news channels, along with continued investments in digital initiatives will be the critical drivers for its overall revenue growth and profitability. ICRA notes the

relatively higher debt levels over the last few years is resulting in its inability to cover its finance costs from its operating cash flows. The Company's ability to reduce its debt level remains a key monitorable.

The rating remains exposed to refinancing risks as Network18's entire debt is short term in nature. ICRA, nevertheless, derives comfort from the company's demonstrated track record to refinance its debt and the strong parentage, which provides considerable refinancing ability. Further, the credit profile remains exposed to risks inherent in the media and entertainment industry, wherein a part of revenue remains vulnerable to cyclicity in advertisement spends by corporates and the stiff competition including that from the digital players.

Network18 through its subsidiary – Viacom18 continues to make calibrated investments in fresh content for its OTT platform – JioCinema and acquisition of various sports rights (multi-year rights) to make Viacom18 a preferred media platform for general entertainment as well as sports. The investments towards content development and distribution reach, given the significant potential of the digital platform and the synergies with Jio, are likely to continue in the medium term.

Key rating drivers and their description

Credit strengths

Strong parentage; strategically important business for RIL in media sector – ICRA derive strong comfort from the parentage of Network18, given its strategic importance as well as financial and managerial linkages with its parent entity - RIL. IMT, of which RIL is the sole beneficiary, and other promoter group entities, together holds a majority stake (56.89%) in Network18, post the completion of merger with subsidiaries, TV18 Broadcast Ltd. and e-Eighteen.com Limited. The media businesses under Network18 remains strategically important to RIL's digital ecosystem. Being a part of the RIL Group lends support to the company's financial profile and provides significant refinancing ability. The strong managerial linkage is evident from the presence of senior management from the RIL Group on the board of Network18.

Network18 Group has diversified media platforms including television, films, publishing and digital – Network18 is the operating and holding company of the Network18 Group and comprises TV news, digital content, publishing and allied business segments. Its key subsidiaries include Viacom18 Media Private Limited (Viacom18) involved in the entertainment business; with key strategic investments in BookMyShow, which is involved in the business of digital commerce, and Eenadu Television (owns and operates Telugu entertainment and news channels).

Strong bouquet of channels across genres with healthy market share in viewership – Network18, on standalone level, has a strong bouquet of channels across genres with a healthy market share in viewership (11.9%¹ for news network). The Group has general and business news channels—CNBC TV18, CNBC TV18 Prime HD, CNBC Awaaz, CNBC Bajar, CNN News18, News18 India and 14 regional news channels under the News18 umbrella including News18 Lokmat, which is a Marathi regional news channel in partnership with the Lokmat Group. It also publishes two magazines –Forbes and Overdrive and its digital businesses houses assets such as Moneycontrol, Firstpost, News18, etc. The Group's ability to maintain the market share for the news business and strengthen the viewership share of the digital business will be important to drive its revenue growth and overall profitability.

Credit challenges

Modest operating profitability; exposed to refinancing risk – Network18, on standalone level, had a modest operating profitability in H1 FY2025 and FY2024. While the TV news business generates healthy operating profits, losses from the print and digital businesses moderates the operating profitability. ICRA notes that the relatively high debt levels over the last few years is resulting in insufficient operational cash flows to cover its finance costs. The ability to reduce their debt level either through fund infusion or improvement in profitability remains a key monitorable. With its entire debt being short term in nature, the Network18 Group is exposed to refinancing risks. ICRA, nevertheless, derives strong comfort from the

¹ Source: BARC | TG: 15+ | Market: All India | Wk 39'24

demonstrated track record of refinancing its debt at competitive rates in the past and the Group’s parentage, which lends support to its financial profile and provides significant refinancing ability.

Vulnerability of advertisement revenues to economic slowdown, viewership trends and competition – The media and entertainment industry remains vulnerable to cyclicalities in advertisement spends by the corporates and rising competition from digital players. The above factors challenge the company’s ability to retain the market share and by implication, its advertisement revenue share. Therefore, the macro-economic prospects will be critical to drive the overall industry as well as Network18’s advertisement revenue growth. The company has been making investments towards content development and distribution, given the significant potential of the digital platform. Continued investments in digital initiatives will also be the critical drivers for its revenue growth and profitability.

Environmental and social consideration

Environmental considerations – Network18 is involved in the broadcasting business. Given the nature of business, exposure to environmental risk is low. The company adheres to applicable regulation/guidelines issued by the Ministry of Information and Broadcasting and Telecom Regulatory Authority of India in rendering its services.

Social considerations - The companies remain exposed to moderate social risks, such as changes in consumer engagement practices and preference (like shift towards OTT platform) as well as privacy-related issue. The same could result in higher operating cost as well as capital investment requirements for the company.

Liquidity position: Adequate

The company’s liquidity position remains adequate with unutilised fund-based bank lines of ~Rs. 450 crore at the standalone level as on September 30, 2024. It does not have any long-term debt repayments and has a track record of timely refinancing of short-term debt at competitive rates. Further, ICRA expects the Network18’s ultimate parent, RIL, to extend timely financial support to it, should there be a need.

Rating sensitivities

Positive factors – Not Applicable.

Negative factors – Negative pressure on the rating of Network18 could arise if there is change in the credit profile of the ultimate parent company, RIL or weakening in linkages with RIL. Further any significant weakening in operating and/or financial performance of Network18 including sharp decline in liquidity might result in downward pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	TV Broadcasting Corporate Credit Rating Methodology
Parent/Group support	Parent / Group Company: RIL Independent Media Trust, of which RIL is the sole beneficiary, holds a majority stake in 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 consolidated business and financial profile of the company. The list of entities considered for consolidation as on March 31, 2024, is provided in Annexure II.

About the company

With effect from October 03, 2024, TV18 Broadcast Limited and E-eighteen.com Limited have amalgamated with Network18. The standalone business profile of Network18 now comprises TV news, digital content, publishing and allied business segments. The company operates news channels like – CNBC TV18, CNBC Awaaz, CNBC Bajar, CNBC TV18 Prime HD, CNN News18, News18 India, and 14 regional news channels under the News18 umbrella including News18 Lokmat - a Marathi regional news channel in partnership with the Lokmat Group. Its digital businesses houses assets such as Moneycontrol, Firstpost, News18, etc. Further, it also publishes two magazines – Forbes and Overdrive.

Network18's key subsidiaries include Viacom18, which is involved in the entertainment business, Indiacast Media Distribution Private Limited (IndiaCast) and AETN18 Media Private Limited. Indiacast is a 50:50 JV between Network18 and Viacom18 involved in content asset monetisation business. AETN18, a 51:49 JV between Network18 and A&E Television Networks, operates History TV18 (an infotainment channel). Its key strategic investments include BookMyShow (39% stake, largest shareholder), and Eenadu television (24.5% stake, owns and operates Telugu entertainment and news channels).

Key financial indicators (audited)

Network18 Consolidated	FY2023	FY2024*	H1 FY2025*
Operating income (Rs. crore)	6223.0	9297.5	4966.1
PAT (Rs. crore)	-101.1	-435.2	-406.9
OPBDIT/OI (%)	2.2%	-7.1%	-6.6%
PAT/OI (%)	-1.6%	-4.7%	-8.2%
Total outside liabilities/Tangible net worth (times)	2.0	0.4	0.5
Total debt#/OPBDIT (times)	44.8	-12.4	-14.2
Interest coverage (times)	0.6	-2.0	-1.0

Network18 Standalone	FY2023	FY2024*	H1 FY2025*
Operating income (Rs. crore)	187.2	1817.7	898.0
PAT (Rs. crore)	-186.5	-185.4	-149.1
OPBDIT/OI (%)	-29.2%	1.4%	1.1%
PAT/OI (%)	-99.6%	-10.2%	-16.6%
Total outside liabilities/Tangible net worth (times)	2.8	2.3	2.5
Total debt#/OPBDIT (times)	-47.7	108.4	154.2
Interest coverage (times)	-0.4	0.1	0.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *abridged; #including lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

		Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs crore)	Oct 31, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Commercial Paper Programme	Short term	2250.00	[ICRA]A1+	May 24, 2024	[ICRA]A1+	Nov 24, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+	Apr 29, 2021	[ICRA]A1+
						Dec 15, 2023	[ICRA]A1+			Nov 26, 2021	[ICRA]A1+
						Mar 08, 2024	[ICRA]A1+				
Overdraft/ WCDL	Short term	1195.00	[ICRA]A1+	May 24, 2024	[ICRA]A1+	Nov 24, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+	Apr 29, 2021	[ICRA]A1+
						Dec 15, 2023	[ICRA]A1+			Nov 26, 2021	[ICRA]A1+
						Mar 08, 2024	[ICRA]A1+				
Non-Fund Based Limits	Short term	55.00	[ICRA]A1+	May 24, 2024	-	-	-	-	-	-	-
Unallocated Limits	Short term	0.00	-	May 24, 2024	[ICRA]A1+	Nov 24, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+	Apr 29, 2021	[ICRA]A1+
						Dec 15, 2023	[ICRA]A1+			Nov 26, 2021	[ICRA]A1+
						Mar 08, 2024	[ICRA]A1+				

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper programme	Very Simple
Short-term – Overdraft/ WCDL	Simple
Short-term – Non-fund based limits	Very Simple

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	NA	NA	NA	1195.00	[ICRA]A1+
NA	Short-term – Non-fund based limits	NA	NA	NA	55.00	[ICRA]A1+
INE870H14TF5	Commercial paper	29-Jul-24	7.24%	28-Oct-24	100.00	[ICRA]A1+
INE870H14TE8	Commercial paper	31-Jul-24	7.24%	29-Oct-24	75.00	[ICRA]A1+
INE870H14TD0	Commercial paper	31-Jul-24	7.24%	30-Oct-24	125.00	[ICRA]A1+
INE870H14TG3	Commercial paper	6-Aug-24	7.24%	5-Nov-24	125.00	[ICRA]A1+
INE870H14TH1	Commercial paper	9-Aug-24	7.25%	8-Nov-24	150.00	[ICRA]A1+
INE870H14TI9	Commercial paper	27-Aug-24	7.26%	26-Nov-24	125.00	[ICRA]A1+
INE870H14TJ7	Commercial paper	28-Aug-24	7.26%	27-Nov-24	100.00	[ICRA]A1+
INE870H14TK5	Commercial paper	29-Aug-24	7.26%	28-Nov-24	100.00	[ICRA]A1+
INE870H14TL3	Commercial paper	3-Sep-24	7.27%	3-Dec-24	100.00	[ICRA]A1+
INE870H14TN9	Commercial paper	6-Sep-24	7.27%	6-Dec-24	125.00	[ICRA]A1+
INE870H14TM1	Commercial paper	9-Sep-24	7.27%	9-Dec-24	125.00	[ICRA]A1+
INE870H14TO7	Commercial paper	26-Sep-24	7.33%	13-Dec-24	100.00	[ICRA]A1+
INE870H14TP4	Commercial paper	27-Sep-24	7.33%	10-Dec-24	100.00	[ICRA]A1+
INE886H14JS5*	Commercial paper	29-Jul-24	7.23%	28-Oct-24	50.00	[ICRA]A1+
INE886H14JT3*	Commercial paper	27-Aug-24	7.26%	26-Nov-24	75.00	[ICRA]A1+
INE886H14JU1*	Commercial paper	30-Aug-24	7.26%	29-Nov-24	100.00	[ICRA]A1+
INE886H14JV9*	Commercial paper	3-Sep-24	7.27%	3-Dec-24	150.00	[ICRA]A1+
INE886H14JW7*	Commercial paper	27-Sep-24	7.33%	13-Dec-24	100.00	[ICRA]A1+
Yet to be placed	Commercial paper	NA	NA	NA	325.00	[ICRA]A1+

Source: Company; as on October 18, 2024; *Prior to amalgamation of TV18 with Network18, commercial paper was part of TV18 borrowings.

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

Annexure II: List of entities considered for consolidated analysis

Company Name	Relation	Ownership	Consolidation Approach
Network18 Media Trust	Subsidiary	100.00%	Full Consolidation
Infomedia Press Limited	Subsidiary	50.69%	Full Consolidation
Colosseum Media Private Limited	Subsidiary	100.00%	Full Consolidation
Greycells18 Media Limited	Subsidiary	89.69%	Full Consolidation
Media18 Distribution Services Limited	Subsidiary	100.00%	Full Consolidation
Web18 Digital Services Limited	Subsidiary	100.00%	Full Consolidation
Digital18 Media Limited (upto 14th March 2024)	Subsidiary	100.00%	Full Consolidation
Moneycontrol Dot Com India Limited	Subsidiary	100%	Full Consolidation
AETN18 Media Private Limited	Subsidiary	51.00%	Full Consolidation
Indiacast Media Distribution Private Limited (Indiacast)	Subsidiary	75.50%	Full Consolidation
Indiacast UK Ltd	Subsidiary of Indiacast	75.50%	Full Consolidation
Indiacast US Ltd	Subsidiary of Indiacast	75.50%	Full Consolidation

Company Name	Relation	Ownership	Consolidation Approach
Viacom18 Media Private Limited¹	Subsidiary	50.994%	Limited Consolidation
Viacom18 Media (UK) Limited¹	Subsidiary of Viacom18	50.994%	Limited Consolidation
Viacom18 US Inc¹	Subsidiary of Viacom18	50.994%	Limited Consolidation
Roptonal Limited¹	Subsidiary of Viacom18	50.994%	Limited Consolidation
Digital18 Media Limited (w.e.f 14th March 2024)	Subsidiary of Viacom18	50.994%	Limited Consolidation
NW18 HSN Holdings Plc	Associate	40.69%	Equity Method
Eenadu Television Private Limited	Associate	24.50%	Equity Method
Big Tree Entertainment Private Limited (BTEPL)	Associate	39.29%	Equity Method
IBN Lokmat News Private Limited	Joint Venture	50.00%	Equity Method
Ubona Technologies Private Limited	Joint Venture	50.00%	Equity Method
Big Tree Entertainment Singapore Pte Ltd. (BTESPL)	Subsidiary of associate BTEPL	35.35%	Equity Method
Big Tree Sport & Recreational Events Tickets Selling L.L.C	Subsidiary of associate BTEPL	19.25%	Equity Method
Bookmyshow Live Private Limited	Subsidiary of associate BTEPL	39.29%	Equity Method
Bookmyshow Venues Management Private Limited	Subsidiary of associate BTEPL	39.29%	Equity Method
Fantain Sports Private Limited	Subsidiary of associate BTEPL	29.82%	Equity Method
Foodfesta Wellcare Private Limited	Subsidiary of associate BTEPL	39.29%	Equity Method
Spacebound Web labs Private Limited##	Subsidiary of associate BTEPL	33.40%	Equity Method
Dyulok Technologies Private Limited	Subsidiary of associate BTEPL	37.55%	Equity Method
Popclub Vision Tech Private Limited	Subsidiary of associate BTEPL	23.57%	Equity Method
Peppo Technologies Pvt Ltd	Subsidiary of associate BTEPL	25.15%	Equity Method
Big Tree Entertainment Lanka (Pvt) Limited	Subsidiary of BTESPL	35.35%	Equity Method
Bookmyshow SDN. BHD	Subsidiary of BTESPL	35.35%	Equity Method
PT Big Tree Entertainment Indonesia@	Subsidiary of BTESPL	35.35%	Equity Method
Townscript USA, Inc.	Subsidiaries of Dyulok Technologies Private Limited	37.55%	Equity Method
Townscript PTE. Limited, Singapore	Subsidiaries of Dyulok Technologies Private Limited	37.55%	Equity Method
TribeVibe Entertainment Private Limited#	Subsidiary of Bookmyshow Live Private Limited	21.54%	Equity Method

¹ Given the majority shareholding by RIL, on a fully diluted basis, in Viacom18 and expected direct support to Viacom18, ICRA has accordingly adjusted the financials of Network18

85% shareholding held by Bookmyshow Live Private Limited and 0.001% is held by nominee of Big Tree Entertainment Private Limited

@ 99.99% shareholding held by Big Tree Entertainment Singapore PTE. Limited and 0.01% shareholding is held by Big Tree Entertainment Private Limited directly.

51% shareholding is held by Bookmyshow Live Private Limited, and 4% shareholding is held by Dyulok Technologies Private Limited

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Chintan Dilip Lakhani

+91 22 6169 3345

chintan.lakhani@icraindia.com

Ritik Sundarka

+91 80 4332 6414

ritik.sundarka@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



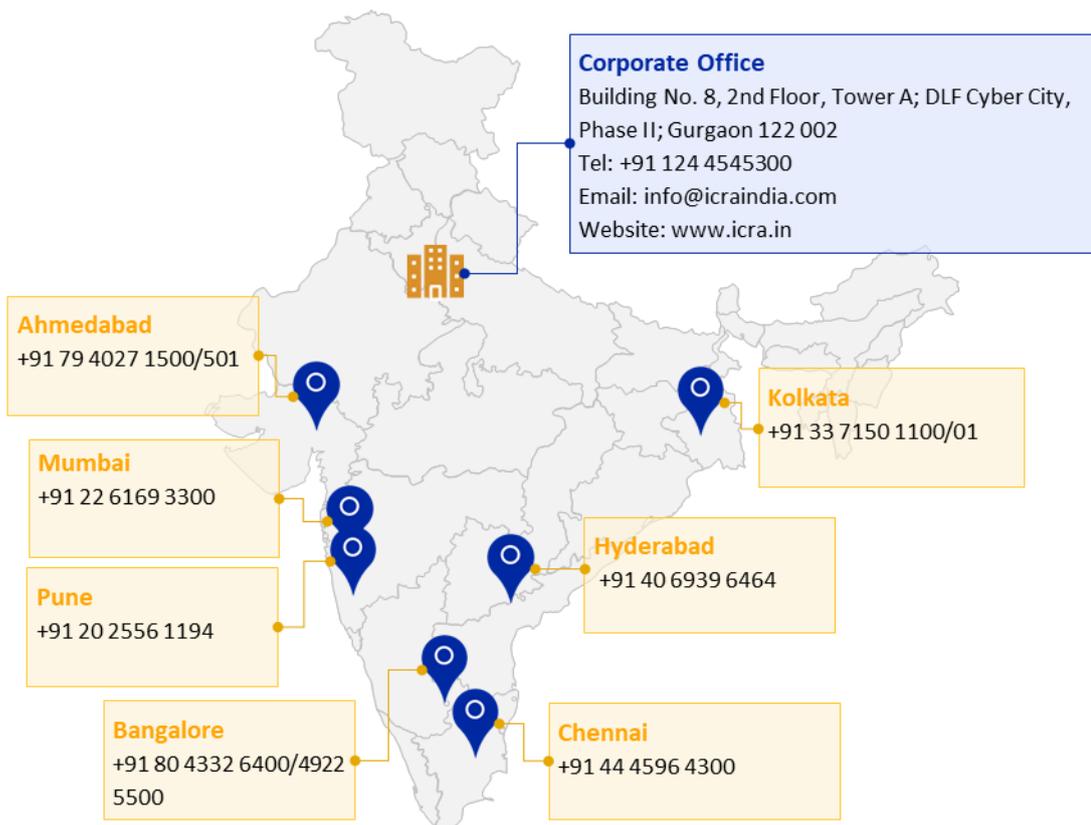
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.