

## Network18 Media & Investments Limited

Instrument	Amount Rs. Crore	Rating Action
Commercial Paper Programme	Enhanced to Rs. 1,000 crore from Rs. 500 crore	[ICRA]A1+ assigned
Fixed Deposits Programme	Nil	MAA+ (Stable) withdrawn
Long-term borrowing programme (Bank loan/NCD)	Rs. 500 crore	[ICRA]AA+ (Stable) outstanding
Long-term, fund-based Limits	Rs. 10 crore	ICRA]AA+ (Stable) outstanding
Short-term, fund-based/ non-fund based Limits	Rs. 230 crore*	[ICRA]A1+ outstanding

*\*Includes Rs. 75 crore short-term fund-based facilities as a sub-limit*

ICRA has assigned an [ICRA]A1+ (pronounced ICRA A one plus) rating to the Rs. 1,000 crore (enhanced from Rs. 500 crore) Commercial Paper programme of Network18 Media & Investments Limited ('Network18' or 'the company').

ICRA has withdrawn the MAA+ (pronounced M double A plus) rating with a stable outlook assigned to the Fixed Deposit programme of the company. The rating was earlier put on a notice of withdrawal for six months at the request of the company.

ICRA has an [ICRA]AA+ (pronounced ICRA double A plus) rating with a stable outlook outstanding on the Rs. 500 crore long-term borrowing programme and the Rs. 10 crore, long-term, fund-based limits of the Company. ICRA also has an [ICRA]A1+ rating outstanding on the Rs. 230 crore, short-term, fund-based/ non-fund based limits of the company.

The rating assignment continues to take into consideration the strong parentage of Network18, with majority stake held by Independent Media Trust (IMT) of which Reliance Industries Limited (rated [ICRA]A1+, LC: Baa2 Positive by Moody's) is the sole beneficiary, thus providing significant financial flexibility. This, coupled with the presence of Network18 Group across diversified media segments and genres including television, films, publishing and internet, and the strategic importance of the business to the Reliance Group; this being the sole investment in the media and entertainment segment augurs well for the future business growth of the company. The ratings further draw comfort from the comfortable liquidity profile of Network18 (Consolidated) with the stabilization of the broadcasting business (under its subsidiary TV18 Broadcast Limited, rated [ICRA] AA+ (stable)/ [ICRA] A1+) - excluding the new channels; and the demonstrated ability of the management to profitably monetize investments made in various media assets; Stargaze being one such instance in the recent past.

Network18's earnings profile has been weak due to gestation losses from new channels in the broadcasting business and losses incurred in non-broadcasting business such as e-commerce and digital content. ICRA expects cash burns to continue over the medium term till operations of new channels and non-broadcasting businesses scale-up. With the broadcasting business contributing to bulk of the revenues for Network18 (Consolidated), the revenue growth remains susceptible to cyclicalities in ad revenues. Improvement in profitability on the back of prudent cost management and cash flows from ongoing investments in digital properties is a key rating sensitivity.

### Company Profile

Network18 Media and Investments Limited (Network18) is a media and entertainment company 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, ibnlive.com, burrrp.com, in.com and firstpost.com. It also operates digital commerce properties such as HomeShop18 and bookmyshow.com. In addition, Network18 also has presence in the publishing segment and publishes Forbes



India, Overdrive, Better Interiors and Better Photography. Network18 has also allied investments in Colosseum, Toppers, 24X7 Learning, Yatra, Ubona and other companies.

Through its subsidiary, TV18 Broadcast Limited (TV18), the group operates news channels - CNBC-TV18, CNBC Awaaz, CNBC Bajar, CNBC-TV18 Prime HD, CNN-News18, IBN 7, News18, IBN-Lokmat (a Marathi regional news channel in partnership with the Lokmat group) and thirteen regional news channels under the brand ETV/News18 (including three new regional news channels, News 18 Kerala, News 18 Tamil Nadu and News 18 Assam/N.E launched in April 2016).

TV18 also operates a joint venture with Viacom, called Viacom18 Media Private Limited, which houses a portfolio of entertainment channels - Colors, Colors HD, Rishtey, MTV India, MTV Indies, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, Nick Jr, Teen Nick and Colors Infinity, including various HD feeds of entertainment channels; and Viacom18 Motion Pictures, the group's filmed entertainment business. In May 2016, Viacom18 launched Rishtey Cineplex, a Hindi movie channel and VOOT, Viacom18's exclusive digital video application in the Over The Top (OTT).

TV18 operates another joint venture with Viacom, called Prism TV Private Limited which operates five regional entertainment channels under the brand Colors – Colors Marathi, Colors Gujarati, Colors Kannada, Colors Bangla, and Colors Oriya. AETN18, a joint venture between TV18 and A&E Television Networks, operates a factual entertainment channel History TV18, and has commercially launched another factual entertainment channel, FYI TV18, in July 2016.

**Recent Results (Consolidated):**

Network18 (Consolidated) reported a profit after tax (before minority interest and share in profit of associates) of Rs. 38.6 crore on an operating income (OI) of Rs. 3,403.3 crore during FY2016 against net loss (after extraordinary loss of Rs. 1,055.4 crore) of Rs. 1,064.9 crore on an OI of Rs. 3,126.6 crore in FY2015.

As per restated published results for FY2016 according to Ind AS, the company reported a total comprehensive income of Rs. 19.9 crore on an OI of Rs. 1,654.8 crore. As per Q1, FY2017 results, the company reported a total comprehensive loss of Rs. 49.0 crore on an OI of Rs. 351.9 crore.

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