

July 06, 2020

National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra- Kurla Complex Bandra (E), Mumbai - 400 051 NSE - ZEEMEDIA	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001 BSE-532794
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**Subject: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 – Intimation of revision in Credit Rating for Bank facilities**

Dear Sir/Madam,

This is to inform you that CARE Ratings Limited (CARE) had reviewed the ratings assigned for Company's Bank facilities and has *vide* its letter dated July 3, 2020 (received by the Company on the evening of July 3, 2020) revised the Credit ratings as detailed herein below:

Facilities	Amount (Rs. crore)	Ratings	Rating Action
Long-term Bank Facilities – <i>Term Loan</i>	102.00 (Reduced from 113.20)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Long-term Bank Facilities – <i>Cash Credit</i>	50.00 (Reduced from 100.00)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Short-term Bank Facilities – <i>Bank Guarantee</i>		-	Withdrawn
Total	152.00 (Rs. One Hundred Fifty Two crore only)		

The aforesaid information is also being hosted on the website of the Company [www.zeenews.india.com](http://www.zeenews.india.com) in accordance with Regulation 46 of SEBI Regulations.

Copy of CARE letter No. CARE/HO/RL/2020-21/1861 dated July 03, 2020 for assignment of credit rating, is enclosed herewith.

This is for your information and records.

Yours truly,

For Zee Media Corporation Limited



**Ranjit Srivastava**  
Company Secretary & Compliance Officer  
Membership No.-A18577

Zee Media Corporation Limited  
(Formerly Zee News Limited)

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Regd. Office: Marathon Futurex, 14th Floor, A Wing, N M Joshi Marg, Lower Parel, Mumbai - 400013, India

Phone: +91-22-7105 5001 | Fax: +91-22-2300 2017 | [www.zeenews.com](http://www.zeenews.com) | CIN: L92100MH1999PLC121506



**No. CARE/HO/RL/2020-21/1861**

**Mr. Dinesh Garg**

Executive Director Finance & Chief Financial Officer

**Zee Media Corporation Limited**

Marathon Futurex, N M Joshi Marg,

Lower Parel,

Mumbai – 400013

July 03, 2020

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of **Zee Media Corporation Limited (ZMCL)** for FY19 (Audited) and FY20 (Abridged), our Rating Committee has reviewed the following ratings:

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Rating<sup>1</sup></b>	<b>Rating Actions</b>
Long-term Bank Facilities – Term Loan	102.00 (Reduced from 113.20)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Long-term Bank Facilities – Cash Credit	50.00 (Reduced from 100.00)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Short-term Bank Facilities – Bank Guarantee	-	-	Withdrawn
<b>Total</b>	<b>152.00</b> <b>(Rs. One Hundred Fifty Two crore only)</b>		

2. Refer **Annexure 1** for details of rated facilities.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

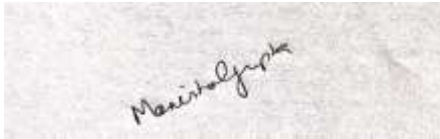
3. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 04, 2020, we will proceed on the basis that you have no comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

8. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



**Manisha Gupta**  
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Encl.: As above



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**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

## Annexure I

### Details of Rated Facilities

#### 1.A. Rupee term loans

Sr. No.	Name of Bank	Outstanding amount (Rs. crore)	Repayable on
1	Axis Bank	102.00	Repayable in 12 structured half yearly installments by FY25
	<b>Total Facility</b>	<b>102.00</b>	

#### 1.A. Fund Based limits

Sr. No.	Name of Bank	Fund Based Limits (Rs. crore)		
		Cash Credit	Others	Total fund-based limits
1	Axis Bank	50.00	-	50.00
	<b>TOTAL</b>	<b>50.00</b>		<b>50.00</b>

**Total long-term facilities (1.A.)=Rs.152.00 crore**

**Total bank facilities (1A)=Rs.152.00 crore**

## Annexure II

### Press Release

#### Zee Media Corporation Limited

#### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities – Term Loan	102.00 (Reduced from 113.20)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Long-term Bank Facilities – Cash Credit	50.00 (Reduced from 100.00)	CARE C; Negative [Single C; Outlook: Negative]	Revised from CARE B; Negative [Single B; Outlook: Negative]
Short-term Bank Facilities – Bank Guarantee	-	-	Withdrawn
Total	<b>152.00</b> <b>(Rs. One Hundred Fifty Two crore only)</b>		

*Details of facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

The revision in rating assigned to long term bank facilities of Zee Media Corporation Limited (ZMCL) takes into account the default on Non-Convertible Debentures (NCDs) issued by Diligent Media Corporation Limited (DMCL) on June 30, 2020, and the subsequent invocation of the corporate guarantee issued by ZMCL, to guarantee the debt obligations of these NCDs, by the Investors. ZMCL would not be able to meet its payment obligation under the corporate guarantee from its current cash balances, and operational cash flows, and hence the rating is revised to C with negative outlook.

DMCL's financial profile stands weak with negative net-worth and debt size of Rs.817.96 crore as on March 31, 2019. In addition DMCL has ceased operations of its print business. ZMCL had an investment of Rs436.27 crore in DMCL which has been fully impaired during Q4FY19 & FY20. The rating also factors in high level of pledging of the promoter holding. As on March 31, 2020, total promoter holding in ZMCL stood at 44.86%, of which, 99.80% is pledged. The ratings assigned to the bank facilities of ZMCL continue to factor in the intense competition in the news broadcasting space, and highly regulated industry segment. The ratings, however, continue to derive strength from the established track record of the promoter group in the media and entertainment industry, availability of a wide platform for distribution with a bouquet of national and international channels. The ratings further take into consideration growth in income and profitability.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

## **Rating Sensitivities**

### **Positive Factors:**

ZMCL making payment within two working days from notice of demand.

### **Negative Factors:**

ZMCL unable to make payment within two working days from notice of demand.

### **Outlook: Negative**

The negative outlook factors in the inability to meet the Rs 438.90 crore NCDs obligations within the time frame allowed under the corporate guarantee.

## **Detailed Rationale & Key Rating Drivers**

### **Key Rating Weaknesses**

#### ***Invocation of Corporate Guarantee extended for the NCD raised by DMCL***

ZMCL has extended corporate guarantee to the NCD raised by DMCL amounting to Rs.438.90crore, due to be paid on June 30, 2020. Further, corporate guarantee has been invoked as confirmed by Debenture Trustee to CARE via e-mail dated July 01, 2020.

#### ***Deterioration in capital structure characterized by impairment of investment in DMCL***

ZMCL has accounted for impairment of investment in DMCL which has been charged to profit & loss account for Q4FY19 and FY20. The same resulted in net loss and in turn reduction in the net-worth base of the company. Reduction of networth due to impairment of investment in DMCL and also factoring in the contingent liability in the form of corporate guarantee extended to DMCL for its NCD issue, the overall gearing of ZMCL on a consolidated basis deteriorated to 1.48x as on March 31, 2020 (as compared to 1.05x as on March 31, 2019).

#### ***Operates in highly competitive and regulated industry segment***

The competition is ever increasing with large number of players entering the News Broadcasting industry. Moreover, technological changes have laid new distribution platforms inviting competition from newer players. To maintain its competitive edge in such a scenario, the company will need to anticipate viewer preferences to create, acquire, commission, and produce compelling content across platforms favoured by the consumers.

### **Key Rating Strengths:**

#### ***Established track record of promoter group in media and entertainment industry***

Essel Group has been in the media and entertainment business for more than two decades, as the flagship channel (Zee TV) was launched in 1992. ZEE brand has a strong recognition in the media and entertainment industry given its long and successful track record. Further, Essel Group has a presence across allied media value chains including television broadcasting, cable distribution, direct-to-home satellite service and digital media amongst others. The group is headed by Mr. Subhash Chandra while the media business is headed by his son Mr. Punit Goenka. The promoters are well supported by experienced and qualified management team.

### **Wide platform for distribution with a bouquet of national and international channels**

Over the past 19 years, ZMCL has built a strong portfolio of 14 news channels in eight different languages and reaching more than 422 million users through digital channels. In addition, ZMCL manages its multi-lingual digital news platform i.e. Zeenews.com.

### **Integration of advertisement sales function resulting in reduced cost**

The Zee Group's advertisement sales function has been integrated into a separate company i.e. ZEE Unimedia Limited. ZUL has entered into an agreement with the media entities of the Essel Group to act as a canvassing agent for sale of available advertisement space. The approach of collective advertisement sales not only benefits the group in maximizing advertising revenues for its entities but also helps the advertisers/agencies in single Ad solution and wider reach across multiple platforms i.e. television, print, digital, radio etc. In consideration for the services provided.

### **Moderate financial performance of the company in FY20 amidst Covid-19**

ZMCL's Total Operating Income (TOI) on a consolidated basis reported a decline of 8% on a YoY basis to Rs. 640.81crore in FY20, led by lower advertisement revenue which accounted for around 90%-92% of the total revenue. Despite lower TOI, PBILDT margin of ZMCL on consolidated basis improved by 372 bps to 29.89% in FY20, led by lower marketing, distribution and business promotion expense. Further, ZMCL had an investment of Rs436.27 crore in DMCL which has been fully impaired during Q4FY19 & FY20. Resulting which the ZMCL reported a net loss of Rs. 271 crore in FY20 as against a reported loss of Rs.6.32 crore in FY19. However, the company continued to report a healthy PBT of Rs.80 crore in FY20 as compared to Rs.108 crore in FY19; albeit some decline on a YoY basis.

### **Liquidity: Poor**

ZMCL's cash position as on March 31, 2010 was at Rs.53.23crore (vis-à-vis Rs.24.30crore as on March 31, 2019). However, given the significant debt obligation arising from the aforesaid invocation of corporate guarantee the liquidity position of the company remain significantly stretched.

### **Analytical approach:**

CARE has considered the consolidated financials of ZMCL for analytical purposes owing to financial and operational linkages between the company and its subsidiaries. The consolidated financials include financials of the following subsidiaries

<b>Subsidiaries</b>	<b>FY18</b>	<b>FY19</b>
<b>(A) Direct subsidiaries</b>		
Ez-Mall Online Limited <sup>@</sup>	100%	-
Zee Akaash News Private Limited <sup>§</sup>	60%	100%

<sup>@</sup>Became wholly owned subsidiary w.e.f. June 21, 2017 and ceased to be a subsidiary w.e.f. June 30, 2018

<sup>§</sup> Acquired the remaining 40% stake during Q1FY19



**Applicable Criteria**[Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings](#)[CARE's Policy on Default Recognition](#)[Financial ratios – Non-Financial Sector](#)[Criteria for Short Term Instruments](#)[Rating Methodology: Consolidation and Factoring Linkages in Ratings](#)[Rating methodology: Service Sector Companies](#)**About the Company**

ZEE Media Corporation Limited (ZMCL) incorporated on August 27, 1999 is a part of Essel group. It is one of the largest news networks in the country with portfolio of fourteen news channels in eight different languages in the linear TV platform while it reaches out to more than 422 million users through the digital platform. It has a strong national presence and has strengthened its position as a regional player in North, West, East and Central India.

With effect from April 2017, the newspaper printing business carried out through Mediavest India Private Limited and PriMedia Services Private Limited has been demerged from ZMCL and subsequently merged with DMCL. DMCL which was a wholly-owned subsidiary of ZMCL has become an independent entity w.e.f. April 2017 and accordingly, the printing business has been completely hived off from ZMCL.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)	FY20 (Abridged#)
Total operating income	581.32	693.84	640.81
PBILD	107.72	181.57	191.56
PAT	27.84	-6.32	-271.12
Overall gearing (times)	0.19	0.32	0.27
Adjusted overall gearing (times)*	0.74	0.98	1.48
Interest coverage (times)	6.12	10.08	7.98

A: Audited; \*considering corporate guarantee extended by ZMCL to the NCD issued by DMCL

#As per the exchange disclosure of the company

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

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	FY25	102.00	CARE C; Negative
Fund-based - LT-Cash	-	-	-	50.00	CARE C; Negative

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Credit					
Non-fund-based - ST-Bank Guarantees	-	-	-	0.00	Withdrawn

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (21-Dec-18)	1)Provisional CARE A; Stable (14-Sep-17)
2.	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (21-Dec-18)	1)Provisional CARE A; Stable (14-Sep-17)
3.	Fund-based - LT-Term Loan	LT	102.00	CARE C; Negative	1)CARE B; Negative (29-Jun-20)	1)CARE BB; Negative (08-Nov-19) 2)CARE BBB; Stable (05-Jul-19)	1)CARE A (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE A; Stable (21-Dec-18)	-
4.	Fund-based - LT-Cash Credit	LT	50.00	CARE C; Negative	1)CARE B; Negative (29-Jun-20)	1)CARE BB; Negative (08-Nov-19) 2)CARE BBB; Stable (05-Jul-19)	1)CARE A (Under Credit watch with Negative Implications) (08-Feb-19) 2)CARE A; Stable (21-Dec-18)	-
5.	Non-fund-based - ST-Bank Guarantees	ST	-	-	1)CARE A4 (29-Jun-20)	1)CARE A4 (08-Nov-19) 2)CARE A3+ (05-Jul-19)	1)CARE A1 (Under Credit watch with Negative Implications) (08-Feb-19)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
							2)CARE A1 (21-Dec-18)	

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

## CARE Ratings Ltd.