

July 7, 2023

National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051 NSE SYMBOL: ZEEMEDIA	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 SCRIP CODE: 532794
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Kind Attn. : Corporate Relationship Department
Subject : Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 – Intimation of re-affirmation of credit rating by CARE Ratings Limited

Dear Sir/Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we wish to inform you that CARE Ratings Limited (CARE) *vide* its letter dated July 7, 2023 has reaffirmed the credit rating as follows:

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	57.97 (Reduced from 88.79)	CARE BB+; Stable	Reaffirmed

The rating letter received from CARE is attached herewith. The above aforesaid information is also being hosted on the website of the Company in accordance with Regulation 46 of Listing Regulations.

Request you to kindly take the same on record.

Thanking you,

Yours truly,

For Zee Media Corporation Limited



Ranjit Srivastava
Company Secretary & Compliance Officer
Membership No. A18577
Contact No.: + 91-120-715 3000



Encl: As above

Zee Media Corporation Limited

July 07, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	57.97 (Reduced from 88.79)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Detailed Rationale & Key rating drivers

The Rating reaffirmed to long term bank facilities of Zee Media Corporation Limited (ZMCL) factors in decline in advertisement revenue with increase in expenditure of ZMCL in FY23. The ratings continue to remain tempered by further decrease in the promoter holding as on March 2023, to 4.34% (March 22: 8.52%) and continued high level of pledge of promoters' shareholding. The ratings also factor in intense competition in the news broadcasting space, highly regulated industry segment and an exit from BARC ranking which is expected to affect its advertisement yield in future. The rating also factors in the exit of ZMCL's channel from Zee's Bouquet which will influence subscription revenue from FY24. The ratings, however, continue to derive strength from the experienced promoters, availability of a wide platform for distribution (both linear and digital) with a bouquet of national and international channels and receipt of cash settlement from Diligent Media Corporation Ltd (DMCL) with approval for the transfer of DMCL's trademarks by shareholders of both companies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in promoter holding along with reduction in pledge of promoters holding.
- TOL/Adjusted TNW of less than unity on a sustained basis.
- Full recovery of receivables from DMCL

Negative factors

- Increase in overall gearing to more than 1.5x on a sustained basis.
- Any new corporate guarantee extended to any of its group companies.

Analytical approach: Consolidated

CARE has considered the consolidated financials of ZMCL for analytical purposes owing to financial and operational linkages between the company, its subsidiary, and its associates. The consolidated financials include financials of the following subsidiary and associates. The List of Subsidiaries is considered for consolidation is in Annexure-6.

Outlook: Stable

The Stable outlook reflects expected revenue growth in FY24 with expected uptick in revenue from advertisement as FY24 being an election year. CARE expects ZMCL's cash flows are likely to remain sufficient for contractual debt obligation for FY24.

Detailed description of the key rating drivers:

Key weaknesses

Fall in revenue due pull out from BARC Ranking and Zee's channel Bouquet

Due to the issue with landing page ZMCL has pulled out from BARC ranking, this has translated into degrowth of advertisement revenue by 17% which stood at Rs. 681crores in FY23 (FY22: Rs.823 crores). The decision to pull out from BARC Ranking will effect ZMCL's ability to charge higher premium. The company expects the revenue to rise from FY24 as this being newsy year due to elections. ZMCL has exited Zee's bouquet of channel from February 2023 it likely to affect subscription revenue, management expects the increase in marketing and promotion expenses as it will start promoting its own properties.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Significant low promoter's shareholding, which continues to be almost entirely pledged.

The promoter holding and % of promoter share pledged for the group has changed significantly since June 30, 2020. As on March 30, 2023, total promoter holding in ZMCL stands at 4.34%, of which, 98.4% was pledged (promoter holding was at 36.75%, of which 99.75% was pledged as on June 30, 2020). The change in shareholding of the promoters & promoters' group was on account of invocation of the pledged shares by the lenders to the promoters. As per the BSE announcement dated 5th January 2022 ZMCL has got an approval to raise Rs. 164.50 crore through issue of equity warrants on preferential basis to Asian Satellite Broadcast Private Limited, a Promoter Group Entity and till date Rs. 41 crores have been infused in ZMCL. With further equity infusion by the promoters expected by July 2023, their shareholding is expected to display a significant increase.

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 favored by the consumers. There have been some high level exits, however ZMCL has been able to simultaneously appointed experienced personnel on high level.

Key strengths

Wide distribution platform with a bouquet of national and international channels

Over the past 2 decades, ZMCL has built a strong portfolio of 15 news channels comprising 1 global, 3 national and 11 regional channels. ZMCL has also set up a multi-lingual digital news platform i.e., Zeenews.com, wherein news is broadcast online in nine languages – Hindi, English, Marathi, Bengali, Tamil, Telugu, Malayalam, Kannada and Gujarati. The global channel WION, is now available on Etisalat in MENA region and on Sky Channel in the UK market. With effect from February, 2023 ZMCL has moved out from Zee's Channel Bouquet hence higher marketing and promotion spends are expected from FY24 onwards as compared to previous year.

Settlement of DMCL in Cash and Trademarks transfer approved by both shareholders.

The total recoverable stood at Rs.309.33 crores out of which Rs. 127.33 crores were written off and remaining Rs. 182 crores were recoverable in Rs. 12 crores cash and Rs. 170 crores trademarks. As of March 2023, Shareholders of both ZMCL and DMCL have approved this settlement arrangement. ZMCL received cash of Rs.12 crores in FY23, and the company is waiting for approval of trademarks transfer. This transfer will help in retention of 'DNA' brand name which will aid in boosting revenues of ZMCL.

Despite decline in the Net worth, leverage indicators remained stable in FY23; likely to improve in midterm.

As of FY23, ZMCL has made prepayment of the NCD to extent of Rs. 30.21 crore and term loan to extent of Rs. 24.15 crores. ZMCL's, Adjusted Overall Gearing (after writing off receivables from DMCL) has also marginally improved to 0.94x in FY23 from 1.62x in FY22. As per management's expectation this ratio is likely to remain below unity from FY24. Further ZMCL has not planned any major debt led capex in future and hence overall gearing is expected to remain stable below unity in midterm.

Liquidity: Adequate

In FY23 ZMCL's cash flow from operation stood at Rs.146.24 crores against scheduled debt repayment (NCD + term Loan) of ~ Rs. 50.07 crores. Agency believes that ZMCL will be able to generate healthy gross cash accruals in midterm due to expected improvement in advertisement revenue in FY24 being an election year but will remain constricted due to pull out from BARC Ranking. ZMCL's utilization of the fund-based working capital limits during the 12 months ended April 2023 was 69% against sanctioned limits of Rs.50 crores. Absolute EBITDA of Rs 67 crore in FY23 (FY22: Rs 256 crore) and improvement in the working capital cycle which stood at 59 days in FY23; (FY22:79 Days). Management expects that going forward Cash flow from operation is likely to remain positive with expected improvement in EBITDA margins in the election year and favorable working capital cycle. As informed by the management ZMCL does not have any major capex plans and hence the free cash flows are also likely to remain positive in the medium term.

Assumptions/Covenants: NA

Environment, social, and governance (ESG) risks : NA

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Media, Entertainment & Publication	Entertainment	TV Broadcasting & Software Production

ZEE Media Corporation Limited (ZMCL) incorporated on August 27, 1999 is a part of Essel group. The company is one of the largest news networks in the country wherein it reaches out to more than 220 million viewers through 15 news channels comprising of 1 Global, 3 National and 11 Regional channels in 7 different languages in the linear TV platform. The company has a strong national presence and has strengthened its position as a regional player in North, West, East and Central India. The company reaches out to more than 60 million users through the digital platform. The company is equipped with updated technology in content creation, packaging and broadcasting.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1 FY 2024 (UA)
Total operating income	869.45	715.45	NA
PBILDT	256.25	60.43	NA
PAT	-117.72	-68.80	NA
Overall gearing (times)	0.73	0.89	NA
Interest coverage (times)	6.94	2.04	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	March 2025	7.97	CARE BB+; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	7.97	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Aug-22)	1)CARE BB; Stable (24-Aug-21)	1)CARE BB-; Stable (26-Mar-21) 2)CARE C; Negative (29-Sep-20) 3)CARE C; Negative (06-Jul-20) 4)CARE B; Negative (29-Jun-20)
2	Fund-based - LT-Cash Credit	LT	50.00	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Aug-22)	1)CARE BB; Stable (24-Aug-21)	1)CARE BB-; Stable (26-Mar-21) 2)CARE C; Negative (29-Sep-20) 3)CARE C; Negative (06-Jul-20) 4)CARE B; Negative (29-Jun-20)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	-	1)Withdrawn (06-Jul-20) 2)CARE A4 (29-Jun-20)

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
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1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6 : Name of the companies consolidated with ZMCL

Sr. No.	Name of the company	As on March 31, 2023
Subsidiary		
1	Zee Akash News Private Limited	100%
2	India Dotcom Digital Private Limited (formerly known as Rapid cube Technologies Private Limited)	100%
3	Zee Media Americas LLC (The Company is awaiting for approval from ODI (Overseas Direct Investment) and the management has informed that the investment required would be insignificant)	100%
Associates		
1	Today Retail Network Private Limited	49%
2	Today Merchandise Private Limited	49%

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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