

January 28, 2019

**National Stock Exchange of India Limited, Listing Department, Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400051**

**BSE Limited  
Department of Corporate Services – Listing  
P J Towers, Dalal Street,  
Mumbai - 400 001**

**Trading Symbol : TV18BRDCST**

**SCRIP CODE: 532800**

**Sub.: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 - Credit Rating**

Dear Sir / Madam,

This is to inform you that ICRA Limited (ICRA), the Credit Rating Agency, has assigned the credit rating of “[ICRA] AAA (Stable)/ [ICRA] A1+” to the Company’s Long-term / Short-term, Fund-based / Non-fund Based Facilities limits of Rs.750 Crores (enhanced from Rs. 354 crores).

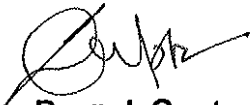
Further, the rating for Company’s Commercial Paper Programme remain unchaned.

We are enclosing the rating rationale issued by ICRA.

You are requested to kindly take the above information on record.

Thanking you

Yours faithfully,  
**For TV18 Broadcast Limited**



**Deepak Gupta  
Company Secretary**

Encl: as above

**TV18 Broadcast Limited  
(CIN – L74300MH2005PLC281753)**

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## TV18 Broadcast Limited

January 25, 2019

### TV18 Broadcast Limited: [ICRA]AAA (Stable) / [ICRA]A1+ assigned for enhanced amount

#### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term / Short-term, Fund-based / Non-fund Based Facilities	354.0	750.0	[ICRA]AAA (Stable) / [ICRA]A1+; assigned
Commercial Paper Programme	750.0	750.0	[ICRA]A1+; outstanding
<b>Total</b>	<b>1,104.0</b>	<b>1,500.0</b>	

\* Instrument details are provided in Annexure-1

#### Rationale

The assigned ratings continue to draw comfort from the strategic importance of the media businesses (under TV18 Broadcast Limited (TV18) and its parent, Network18 Media & Investments Limited (Network18), rated [ICRA]AAA (Stable) / [ICRA]A1+) to Reliance Industries Limited's (RIL's) ecosystem approach to digital outreach. Independent Media Trust (IMT), of which RIL (rated [ICRA]AAA (Stable) / [ICRA]A1+ and Baa2 Stable by Moody's Investors Service) is the sole beneficiary, holds a majority stake in Network18. During FY2018, TV18 raised its stake in Viacom18 Media Private Limited (Viacom18), its joint venture (JV) with Viacom Inc., to 51% from 50%, thereby gaining operational control of the JV, further reiterating the Group's commitment to the media business. The strategic importance of the business to the RIL Group, given that this is the largest investment of the Group in the media and entertainment segment, augurs well for the future business growth of the company.

The ratings continue to factor in the diversified offerings of TV18's broadcasting business across genres, including entertainment channels in Hindi, English and six regional languages, business news channels in Hindi, English and Gujarati, and general news channels in Hindi, English and 14 regional news channels. The channel bouquet strength, coupled with the healthy market share in terms of viewership ratings, as reflected by its 11.5% overall market share in the news genre and 11.2% market share in the entertainment genre (Q3 FY2019 average), are resulting in healthy advertisement revenues for the company. The ratings also draw comfort from the healthy net distribution income and the expected growth in subscription revenues, besides reduction in carriage fee for existing channels, attributable to the ongoing digitisation of the cable industry. ICRA also notes the scheme of amalgamation, wherein the company has merged all of its wholly-owned subsidiaries with itself, which has streamlined the Group structure and has resulted in tax efficiencies.

The ratings factor in the risks inherent to the media and entertainment industry in terms of linkage of advertisement revenue-driven business profile to cyclicalities in advertising spends by corporates and the working capital-intensive nature of operations because of an extended receivables cycle. Apart from new channel launches, significant investments in its over-the-top (OTT) platform, VOOT (under Viacom18) has impacted TV18's profitability. This along with an increase in loans and advances, this has resulted in an increase in consolidated borrowings—to Rs. 1,419.3 crore as on September 30, 2018 from Rs. 1,001.6 crore as on March 31, 2018. ICRA notes the rising competition with an increase in the total number of channels in the mass content as well as niche segments, coupled with emergence of alternative content delivery platforms such as digital media, resulting in fragmentation of viewership. Its ability to maintain its leadership position across genres and the resultant share in the advertisement revenue pie will remain key. Furthermore, scale-up of the

regional news channel portfolio and investments in VOOT will be critical drivers for the company's overall revenue growth and profitability.

## Outlook: Stable

The Stable outlook factors in the financial flexibility enjoyed by the company arising from its strong parentage. Additionally, ICRA expects ultimate parent RIL group to continue providing support to TV18, whenever required as it is a key player media value-chain that RIL is focusing on. ICRA also notes the strong business potential with presence across key genres and increasing presence in the high growth regional broadcasting space and in digital media through VOOT. The outlook may be revised to Negative in case of weaker than expected operating performance and higher than expected working capital intensity, or any material debt-funded acquisition or investments, leading to deterioration in cash flow indicators and debt protection metrics or, lower than ICRA envisaged support from the parent.

## Key rating drivers

### Credit strengths

**Strong parentage of TV18** - ICRA derives strong comfort from the parentage of TV18, a 51.17% subsidiary of Network18. RIL is the sole beneficiary of IMT, which holds the majority stake in Network18. RIL is India's largest private sector enterprise with presence across the energy value chain, apart from retail, oil marketing and telecom sectors. ICRA expects ultimate parent RIL group to continue providing support to TV18, whenever required, as it is a key player in the media value-chain that RIL is focusing on.

**Strategically important business of the RIL Group as its largest investment in the media and entertainment sector, and a key content provider for telecom operators** - The RIL management considers the media businesses as a key element for the Group's telecom thrust and the digital businesses. The latter are likely to benefit from the synergies with the telecom venture and the overall increasing 4G and broadband penetration. The Group's commitment to the media business was reiterated by the stake increase during Q4 FY2018 in TV18's key JV, Viacom18, to 51% from 50%, thereby providing operational control to TV18.

**Strong bouquet of channels across genres with healthy market share in viewership ratings and advertisement revenues** - The standalone business profile of TV18 comprises the general, and business news channels—CNBC TV18, CNBC Awaaz, CNBC Bajar, CNN News18, News18 India and regional news channels. At the consolidated level, including its key JV, Viacom18, the business profile of TV18 also includes the Hindi and English general entertainment channels (GECs), infotainment, regional entertainment and news channels as well as the content-asset monetisation business. TV18 thus has a strong bouquet of channels across genres, as reflected by its healthy market shares in viewership ratings. Its share of overall news genre has increased to 11.5% in Q3 FY2019 from ~9% in FY2017 (source: company presentation) with the launch of new channels along with the consolidation and growth of its existing channels. Furthermore, Viacom18's share of entertainment viewership has remained steady at ~11.2% in Q3 FY2019.

### Credit challenges

**Gestation losses of new channels has impacted profitability** - The company launched three news channels, three regional entertainment channels (including two high definition (HD) feeds) and one infotainment channel in FY2017. Furthermore, it launched a Tamil general entertainment channel in Q4 FY2018 and a Kannada movie channel during Q2 FY2019. The gestation phase of these channels has constrained the improvement in its profitability. Additionally, the company's regional news portfolio remains in scale-up mode and its breakeven was delayed by two critical events. That of demonetisation and the introduction of the good and services tax (GST) coinciding with the gestation phase of these channels. Also, absence of election-related / Government spending, impacted the overall growth and profitability of the

regional portfolio in FY2018. However, increase in Government and election related advertising spends has helped prune losses for the regional news portfolio in 9M FY2019. With a general improvement in the advertising environment, the company has reported double-digit Y-o-Y growth for its broadcasting business in Q2 and Q3 FY2019.

**Intense competition in mass and niche content channels to remain a threat to its market share and advertisement revenue share** - The media and entertainment industry remains linked to cyclicalities in advertising spends by corporates. In addition, with increasing competition across genres and the emergence of alternative content delivery platforms such as digital media resulting in fragmentation of viewership, the ability of the company to maintain its leadership position and the resultant share in advertisement revenue pie will remain crucial.

**Continued investments in its OTT platform, VOOT** - Apart from new channel launches, significant investments in its OTT platform, VOOT (under Viacom18), has impacted TV18's consolidated profitability. The investments in the OTT platform are likely to continue, given the significant potential of the digital platform; the company's ability to monetise it through a sustainable business model in the medium term will be crucial as the business remains in gestation mode.

### Liquidity Position

At a TV18 standalone level, the profitability of TV18's broadcasting business remains comfortable; and despite high working capital intensity of the business, the company's fund flow from operations was positive in FY2018, resulting in lower incremental external borrowings for working capital. The increase in borrowings during FY2018 was largely due to the investment of approximately Rs. 130 crore required for increasing the stake in Viacom18 to 51% from 50%. The company has significant unutilised bank lines which provides adequate cushion. At the consolidated level, growth of the overall portfolio and losses in regional news, certain regional GECs and digital application, as well as VOOT will be key drivers for funding requirements. ICRA derives significant comfort from the company's strong parentage and its strategic importance to the RIL group, which lends considerable financial flexibility. ICRA has not factored in any organic / inorganic expansion plans, which may require additional funding support.

### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Media Broadcasting Industry</a> <a href="#">Impact of Parent or Group Support on an Issuer's Credit Rating</a>
Parent / Group Support	<p><b>Parent / Group Company:</b> IMT, of which RIL is the sole beneficiary, holds a majority stake in Network18 which has a 51.17% stake in TV18.</p> <p>ICRA expects ultimate parent, RIL group, to continue providing support to TV18, whenever required, as it is as a key player in the media value-chain that RIL is focusing on.</p>
Consolidation / Standalone	<p>Rating is based on the consolidated financial profile of the firm. As on December 31, 2018, the company had eight subsidiaries, an associate and a JV, which are all listed in Annexure-2.</p>

## About the company:

TV18 Broadcast Limited is the broadcast arm of media conglomerate Network18 Media & Investments Limited. TV18 operates the news channels—CNBC TV18, CNBC Awaaz, CNBC Bajar, CNBC TV18 Prime HD, CNN News18, News18 India, News18 Lokmat (a Marathi regional news channel in 50:50 partnership with the Lokmat Group) and 13 regional news channels under the brand, News18.

TV18 also operates a 51:49 JV with Viacom Inc., called Viacom18 Media Private Limited. Viacom18 houses a portfolio of entertainment channels—such as Colors, Colors HD, Rishtey, Rishtey Cineplex, MTV India, MTV Indies, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, Nick Jr and Teen Nick—and various regional entertainment channels under the brand, Colors, including various HD feeds of entertainment channels and Viacom18 Motion Pictures, the Group's filmed entertainment business. In May 2016, Viacom18 launched VOOT, its exclusive digital video application in the OTT space. Furthermore, in February 2018, Viacom18 launched Colors Tamil, the Group's foray into the Tamil regional entertainment market. The company recently introduced a second movie channel, it's first in the regional space, Colors Kannada Cinema, in September 2018, taking the number of RGECS to eight.

AETN18, a JV between TV18 and A&E Television Networks, operates two channels—History TV18 (an infotainment channel), and FYI TV18 (a lifestyle channel) and their respective HD feeds.

As per 9M FY2019 results, TV18 reported consolidated net sales of Rs. 3,761.2 crore and a profit after tax (PAT) (excluding share of profit / loss of associates / JVs and non-controlling interest) of Rs. 154.6 crore.

## Key financial indicators (consolidated, audited)

	FY2017	FY2018*
OI (Rs. crore)	979.4	1,475.2
**PAT (Rs. crore)	-29.3	-60.2
OPBDIT/ OI (%)	3.3%	3.9%
RoCE (%)	0.5%	0.4%
Total Debt/ TNW (times)	0.1	0.3
Total Debt/ OPBDIT (times)	8.6	17.6
Interest Coverage (times)	1.4	2.1

*OI: Operating Income; PAT: Profit after Tax; Adj. OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth (TNW) - Capital Work - in Progress - Capital Advances)*

*\*FY2018 financials are not comparable to FY2017 since FY2018 includes consolidation of Viacom18 and Indiacast with effect from March 01, 2018.*

*\*\*Does not include share of profits from JVs / associates and non-controlling interest*

*FY2018 PAT numbers have been modified post-merger.*

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

### Rating history for last three years:

Instrument	Type	Current Rating (FY2019)		Chronology of Rating History for the Past 3 Years					
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating January 2019	Date & Rating July 2018	Date & Rating in FY2018		Date & Rating in FY2017	Date & Rating in FY2016
				February 2018	May 2017	August 2016	January 2016		
1	Commercial Paper Programme	750.00	-	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +
2	Fund-based Limits	229.00	-	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA A (Stable) / [ICRA]A1 +	[ICRA]AA AA (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +
3	Non-fund Based Limits	11.09	-	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA A (Stable) / [ICRA]A1 +	[ICRA]AA AA (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +
4	Unallocated Limits	113.91	-	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA A (Stable) / [ICRA]A1 +	[ICRA]AA AA (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +
5	Fixed Deposit Programme	0.00	-	-	-	-	-	MAA+ (Stable) withdrawn	MAA+ (Stable) on notice of withdrawal
6	Sub-limits	83.00	-	[ICRA]AA A (Stable) / [ICRA]A1 +	[ICRA]AA AA (Stable) / [ICRA]A1 +	-	-	-	-
7	Fund-based Limits	50.00	0.0	[ICRA]A1 +	-	-	-	-	-
8	Term Loans	250.00	250.0	[ICRA]AA A (Stable)	-	-	-	-	-

## Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit / Overdraft / Working Capital Demand Loan	NA	NA	NA	304.00	[ICRA]AAA (Stable) / [ICRA]A1+
NA	Bank Guarantee / Letter of Credit	NA	NA	NA	36.09	[ICRA]AAA (Stable) / [ICRA]A1+
NA	Long-term / Short-term Unallocated Limits	NA	NA	NA	109.91	[ICRA]AAA (Stable) / [ICRA]A1+
NA	Commercial Paper Programme	NA	NA	7-364 days	750.00	[ICRA]A1+
NA	Sub-limits, non-fund based	NA	NA	NA	83.00	[ICRA]AAA (Stable) / [ICRA]A1+
NA	Long-term Loans	November 2018	NA	FY2024	250.0	[ICRA]AAA (Stable)
NA	Working Capital Demand Loan	NA	NA	NA	50.00	[ICRA]A1+

Source: TV18

## Annexure-2: List of entities considered for consolidated analysis

Company Name	Relationship	Consolidation Approach
AETN18 Media Private Limited	Subsidiary	Full Consolidation
IBN Lokmat News Private Limited	Joint Venture	Equity method
Viacom18 Media Private Limited (Viacom18)	Subsidiary	Full Consolidation
Viacom18 Media (UK) Limited	Subsidiary	Full Consolidation
Viacom18 US Inc	Subsidiary	Full Consolidation
Roptonal Limited	Subsidiary	Full Consolidation
Indiacast Media Distribution Private Limited (Indiacast)	Subsidiary	Full Consolidation
Indiacast UK Ltd	Subsidiary	Full Consolidation
Indiacast US Ltd	Subsidiary	Full Consolidation
Eenadu Television Private Limited	Associate	Equity Method



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## 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](http://www.icra.in)

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