

February 14, 2018

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 : **NETWORK18**

SCRIP CODE: **532798**

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] **A1+**" to the Company's overall Commercial Paper issue of Rs. 1500 crore (enhanced from Rs. 1000 crore).

Further, the rating for Company's Long Term Borrowing Programme (Bank Loan / NCD) and Long/Short term Fund/ Non-Fund Limits remain unchanged.

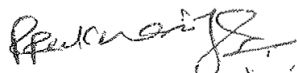
We are enclosing the rating rationale issued by ICRA.

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

Thanking you

Yours faithfully,

For Network18 Media & Investments Limited



Ratnesh Rukhariyar
Group Company Secretary

Encl: as above

Network18 Media & Investments Limited

(CIN - L65910MH1996PLC280969)

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Network18 Media & Investments Limited

February 14, 2018

Network18 Media & Investments Limited: Rated amount enhanced for CP programme

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper Programme	1,000.0	1,500.0	[ICRA]A1+; Assigned
Long-term Borrowing Programme (Bank Loan / Non-Convertible Debenture Programme)	500.0	500.0	[ICRA]AAA (Stable) Outstanding
Long-term/ Short-term, Fund-based Limits/ Non-fund Based Limits	500.0	500.0	[ICRA]AAA (Stable) / [ICRA]A1+ Outstanding
Total	2,000.0	2,500.0	-

* Instrument details are provided in Annexure-1

Rating action

ICRA has assigned an [ICRA]A1+ (pronounced ICRA A one plus)¹ rating to the Rs. 1,500 crore (enhanced from Rs. 1,000.0 crore²) commercial paper programme of Network18 Media & Investments Limited ('Network18' or 'the company'). ICRA also has [ICRA]AAA (pronounced ICRA triple A) rating outstanding on the company's long-term borrowing programme and [ICRA]AAA and [ICRA]A1+ ratings outstanding on the Rs. 500.0 crore long-term/ short-term, fund-based limits/ non-fund based limits of the company. The outlook on the long-term rating is 'Stable'.

Rationale

The assigned rating continues to factor in ICRA's comfort from the fact that the media and digital businesses (under Network18 and its subsidiary TV18 Broadcast Limited, TV18) are a key element to Reliance Industries Limited's (RIL) 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 major stake in Network18. The recent announcement by TV18 to raise its stake in Viacom18 Media Private Limited, its joint venture (JV) with Viacom Inc., to 51% from 50% and thereby gain operational control of the JV (subject to conclusion of the transaction) further reiterates the Group's commitment to media business. The Network18 Group has presence across diversified media segments and genres including television, films, publishing and internet and is the largest investment of the RIL Group in the media and entertainment segment. ICRA also takes note of the scheme of amalgamation, wherein the company proposes to merge its wholly-owned subsidiaries with itself, subject to necessary approvals, which is likely to streamline its Group structure and result in tax efficiencies.

Network18's earning profile has been weak due to gestation losses from new channels in the broadcasting business and losses incurred in the digital business (both e-commerce and content). ICRA expects the cash burn to continue over the medium term till operations of the new channels and the digital businesses scale up further. With the broadcasting business contributing to the bulk of the revenues for Network18 (consolidated), the revenue growth remains susceptible

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publication

² 100 lakh = 1 crore = 10 million

to cyclicity in advertisement revenues. Improvement in profitability on the back of prudent cost management and cash flows from ongoing investments in digital properties remains a key rating sensitivity.

Outlook: Stable

ICRA's Stable outlook factors in the strong financial flexibility enjoyed by the company arising from its strong parentage. ICRA also notes the diversified presence of the company across the broadcasting space and the strong business potential with presence across the fast-growing digital media segment. The outlook may be revised to 'Negative' in case of weaker-than-expected operating performance or any material debt-funded acquisition or investments leading to deterioration in cash flow indicators and debt-protection metrics.

Key rating drivers

Credit strengths

Strong parentage of Network18 - ICRA continues to derive strong comfort from the parentage of Network18. IMT, of which RIL (rated [ICRA]AAA (Stable) / [ICRA]A1+ and Baa2 Stable by Moody's Investors Service) is the sole beneficiary, holds a major stake in Network18. RIL is India's largest private sector enterprise with presence across the energy value chain apart from presence in retail, oil marketing and telecom segments.

Strategically important business of the RIL Group being its largest investment in the media and entertainment segment, and a key content provider for the telecom operators - The RIL management considers the media businesses as a key element for the Group's telecom thrust and the media businesses 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 is further reiterated by its recent announcement to increase stake in TV18's key JV, Viacom18, to 51% from 50% and thereby gain operational control of the JV, albeit subject to conclusion of the transaction.

Holding company of the Network18 Group, with diversified media platforms including television, films, publishing and digital - Network18 is the operating and holding company of the Network18 Group. Network18's key direct and indirect investments include: TV18 (listed subsidiary), Viacom18 (at present a 50-50 JV between TV18 and Viacom Inc.) and several other entities such as bookmyshow.com, moneycontrol.com and HomeShop18, involved in the business of digital content and digital-commerce. Amongst these investments, TV18, with a strong portfolio of channels across genres, is the most significant contributor to the Group's revenues and is also the primary contributor to its operating profits. The standalone business profile of Network18 comprises revenues from the digital content, publishing and allied business segments. At present, the company publishes four magazines— Forbes, Overdrive, Better Interiors and Better Photography.

Credit challenges

Gestation losses for new channels - Gestation losses for new channels launched in FY2017 continued to impact Network18's profitability. Additionally, the company's five non-Hindi news channels launched in FY2015/FY2016 are in consolidation mode and the five Hindi channels witnessed muted performance due to absence of election-related government spending, impacting the overall growth and profitability of the regional portfolio in 9M FY2018. It also must be noted that two critical events, demonetisation and introduction of the Goods and Services Tax (GST) further coincided with the gestation phase of these channels. With general improvement in the advertising environment, the broadcasting business under TV18 reported a 10% YoY growth in Q3 FY2018 with consolidated revenues of Rs. 770.0 crore (including proportionate share of JVs) supported by the strong performance of its flagship channels.

Continued investments in e-commerce and digital businesses - The company's flagship portal, moneycontrol.com, remains profitable and the only challenge for it is sustaining revenue growth as the traffic moves to mobile. However, its

other digital properties, News18.com and Firstpost and its over-the-top (OTT) app, VOOT (under Viacom18) are likely to remain in the investment mode, given their significant potential. Its ability to monetise the above through a sustainable business model in the medium term will be crucial, as the digital properties remain in gestation. The profitability of the television home-shopping business remains challenged, though losses have reduced considerably due to cost-cutting measures and focusing the business on positive-contribution categories only.

Rising competition in both mass and niche content channels remain a threat to its market share and advertisement revenue share - The media and entertainment industry remains vulnerable to the cyclical in advertising spends by corporates. Also, 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 shall remain crucial.

Analytical approach: ICRA has taken a consolidated view of Network 18 and its subsidiaries, including its 51.16% major subsidiary, TV18 Broadcast Limited. ICRA has also factored in that RIL is the sole beneficiary of IMT, which holds a majority stake in Network18.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Rating Methodology for Media Industry \(Broadcasting Companies\)](#)

[Impact of Parent or Group Support on an Issuer's Credit Rating](#)

About the company:

Network18 Media and Investments Limited is a media and entertainment company with interests in television, internet, filmed entertainment, digital commerce, magazines, and allied businesses. Network18 manages various internet businesses, including portals such as moneycontrol.com, news18.com, firstpost.com and in.com. It also operates digital commerce platform HomeShop18 and has investments in e-commerce properties such as bookmyshow.com and yatra.com. In addition, Network18 is also present in the publishing segment and publishes Forbes India, Overdrive, Better Interiors and Better Photography magazines. Moreover, Network18 also has allied investments in Colosseum, Toppers, 24X7 Learning, Ubona and other companies.

Through its 51.16% subsidiary, TV18 Broadcast Limited, the Group operates news channels – CNBC TV18, CNBC Awaaz, CNBC Bajar, CNBC TV18 Prime HD, CNN News18, News18 India, News18 Lokmat (a Marathi regional news channel in partnership with the Lokmat Group) and 13 regional news channels under the brand ETV / News18.

TV18 also operates a JV with Viacom Inc., called Viacom18 Media Private Limited, which houses a portfolio of entertainment channels— Colors, Colors HD, Rishtey, MTV India, MTV Beats, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, Nick Jr, Teen Nick and various regional entertainment channels under the brand Colors, including various high definition (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 OTT space.

AETN18, a JV between TV18 and A&E Television Networks, operates two channels— History TV18 (a factual entertainment channel), and FYI TV18 (a lifestyle channel).

Key financial indicators (Audited, Consolidated)

	FY2016	FY2017
Operating Income (Rs. crore)	1,527.3	1,491.0
PAT (Rs. crore)	96.2	-270.8
OPBDIT/ OI (%)	3.4%	-9.2%
# RoCE (%)	4.0%	-4.1%
Total Debt/ TNW (times)	0.2	0.4
Total Debt/ OPBDIT (times)	15.0	-9.5
Interest Coverage (times)	0.8	-1.7
NWC/ OI (%)	9%	13%

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

RoCE calculated on average of capital employed at the end of FY2015 (as per IGAAP) and FY2016 (as per Ind AS)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Type	Current Rating (FY2018)			Chronology of Rating History for the past 3 years		
			Amount Rated (Rs. crore)	Date &Rating February-18	Date &Rating May-17	Date & Rating in FY2017 August-16	Date & Rating in FY2016 January-16	Date & Rating in FY2015 June-14
1	Commercial Paper Programme	Short-term	1,500.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Borrowing Programme (Bank Loan / NCD)	Long-term	500.0	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-
3	Fund-based Limits	Long-term	325.0	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]A (Positive)
4	Fund-based Limits	Long-term / Short-term	100.0	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]A (Positive)
5	Non-fund Based Limits	Long-term / Short-term	15.0	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]A (Positive)
6	Unallocated Limits	Long-term / Short-term	60.0	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]A (Positive)
7	Fixed Deposit Programme	Medium-term	0.0	-	-	MAA+(Stable) withdrawn	MAA+(Stable) on notice of withdrawal	MA(Positive)

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

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	Commercial Paper Programme	NA	NA	2-3 months	1,500.0	[ICRA]A1+
NA	Long-term Borrowing Programme (Bank Loan / NCD)	NA	NA	NA	500.0	[ICRA]AAA (Stable)
NA	Overdraft	NA	NA	NA	325.0	[ICRA]AAA (Stable)
NA	Overdraft/Working Capital Demand Loan	NA	NA	NA	100.0	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Standby Letter of Credit/Bank Guarantee	NA	NA	NA	15.0	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Long-term/ Short-term Unallocated Limits	NA	NA	NA	60.0	[ICRA]AAA (Stable)/[ICRA]A1+

Source: Network18

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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.

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