

February 12, 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 CARE Ratings Limited (CARE), the Credit Rating Agency, has reaffirmed the credit rating of '**CARE A1+ (A One Plus)**' to the Company's Commercial Paper issue of Rs. 1500 crore (enhanced from Rs. 1000 crore).

Further, CARE has re-affirmed its rating of CARE AAA Stable / CARE A1+ (Triple A, Outlook: Stable / A One Plus) to Company's Long / Short Term Bank facilities of Rs. 1000 crore.

We are enclosing the rating release issued by CARE.

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

**Annexure
Press Release
Network18 Media & Investments Limited**

Ratings

Facilities	Amount (Rs. crore)	Ratings ³	Remarks
Long/Short term Bank Facilities	1,000	CARE AAA; Stable/CARE A1+ (Triple A; Outlook: Stable/A One Plus)	Reaffirmed
Total Facilities	1,000 (Rs. One thousand crore only)		
Commercial Paper (Standalone)	1,500 (enhanced from Rs. 1,000 crore)	CARE A1+ (A One Plus)	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale& Key Rating Drivers

The reaffirmation of the ratings assigned to the bank facilities and instruments of Network18 Media & Investments Ltd (Network18) take into consideration the strong parentage of the company with Independent Media Trust (whose sole beneficiary is Reliance Industries Ltd (RIL) (CARE AAA; Stable/A1+) holding majority stake in the company. The ratings also take into consideration the strong portfolio of the Network18 Group (includes Network18 and its subsidiaries, including TV18 Broadcast Ltd and MoneyControl). The well-diversified portfolio of properties and leadership positions in various segments of broadcast and digital media are complemented by a comfortable capital structure. The group has made sustained investments into new TV channels, and ramped-up its offerings in digital commerce and digital content. The earnings profile of the company has been weak as a result of gestation losses of the above and macro-pains in the recent past.

A strong parentage and the company's ability to achieve sustainable profitability while maintaining its leadership position remain the key rating sensitivities. Further, the ratings are also sensitive to the operating performance of the broadcasting business which constitutes around 65% of the consolidated total income in FY17.

Detailed description of the key rating drivers

Key Rating Strengths

Resourceful and financially strong promoters: Network18 is controlled by Independent Media Trust, the sole beneficiary of which is RIL. RIL, the flagship company of Reliance (Mukesh D. Ambani) group, is India's largest private sector enterprise with businesses across the energy and materials value chain, along with a significant and growing presence in retail and telecom sectors. It is the first Indian private sector company to feature in Fortune Global 500 list of 'World's Largest Corporations' and has been consistently featuring in it for the last ten consecutive years.

Increased focus on telecom/digital business to be future growth driver for company: The telecom sector is increasingly moving from voice and written content to video content and content consumption has already moved beyond television to mobile phones and handheld devices. Network18 comprises leading television channels, digital and mobile properties and publications in key media genres. It is one of the leaders in the Indian Media & Entertainment industry with top five ranking in most of the segments it operates in.

¹ Complete definition of the ratings assigned is available at www.careratings.com and other CARE publications.

Network18 represents the RIL group's major investment in digital/broadcasting content, which reiterates the importance of the company amidst a growing focus on telecom/digital businesses.

Comfortable capital structure: Network18's consolidated overall gearing increased yet stood comfortable at 0.45x as on March 31, 2017 as compared to 0.20x as on March 31, 2016. As on September 30, 2017, the overall gearing stood at 0.52x.

Key Rating Weaknesses

Profitability remains low: The profitability was adversely impacted and there were net losses in FY17 owing to pullback in advertising spends in the latter half of the previous year, operating losses of the new initiatives in regional and digital broadcasting and losses in digital commerce business. However, during 9MFY18, the losses have substantially reduced due to revival of ad-environment and cost control in the digital commerce business.

High dependence on broadcasting business: The company derives ~65% of its total income from broadcasting business which is sensitive to ad rates which in turn are influenced by broader economic cycle. The broadcasting revenue was also impacted due to gestation losses for the newly launched initiatives. The advertising environment (and hence, broadcasting revenue) have improved since Q2FY18, but certain segments are still to see full recovery. However, the management expects improvement led by tailwinds of strong financial markets, upcoming union budget, state elections and continued revival in consumer spending.

Analytical approach: Consolidated

CARE has taken a consolidated analytical approach and has included TV18 Broadcast Ltd (51.16% subsidiary of Network18).

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Rating Methodology: Factoring Linkages in Ratings

Rating Methodology - Service Sector Companies

Financial ratios – Non-Financial Sector

About the Company

Network18 Media and Investments Limited (Network18) was founded in 1996. Independent Media Trust (whose sole beneficiary is Reliance Industries Ltd (RIL) (rated CARE AAA; Stable/A1+) acquired 73.15% stake (directly and indirectly) in July 2014. Network18 is a media and entertainment conglomerate 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, News18.com, firstpost.com and IN.com. It has investments in digital commerce properties such as HomeShop18 and bookmyshow.com. Further, Network18 has allied investments in Colosseum, Toppers, 24X7 Learning, Yatra, Ubona and other companies. Through its subsidiary, TV18 Broadcast Limited (TV18: 51.16% holding), the group operates news channels. TV18 through a 50:50 JV ((Viacom18 Media Pvt Ltd) with Viacom Inc offers various Hindi/Regional/English General Entertainment Channels and Kids/Music/Youth channels as well. TV18 also has a joint venture with A+E Networks for factual entertainment channels - History TV18 and FYI TV18. In addition, Network18 also has presence in the publishing segment through specialized magazines Forbes India, Overdrive, Better Interiors and Better Photography.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	1639	1503
PBILDT	163	-126
PAT	96	-271
Overall gearing (times)	0.20	0.45
Interest coverage (times)	2.45	NM

A: Audited



CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

NM: Not Meaningful

Classification as per CARE standards

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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 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.

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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/Non-fund-based-LT/ST	-	-	-	575.00	CARE AAA; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST	-	-	-	425.00	CARE AAA; Stable / CARE A1+
Commercial Paper	-	-	-	1500.00	CARE A1+

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based/Non-fund-based-LT/ST	LT/ST	575.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (06-Feb-17)	-	-
2.	Commercial Paper	ST	1500.00	CARE A1+	-	1)CARE A1+ (06-Feb-17)	-	-
3.	Fund-based/Non-fund-based-LT/ST	LT/ST	425.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (06-Feb-17)	-	-

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