

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 : **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] AAA (Stable)" to the Company's Long-term Borrowing Programme (Bank Loan / Non-convertible Debenture Programme) of Rs.1,000 crore (enhanced from Rs.500 crore).

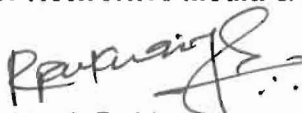
Further, the rating for Company's Commercial Paper Programme and Long-term / Short – term, Fund-based / Non-fund Based Facilities limits remain unchanged.

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)

Regd. office: First Floor, Empire Complex, 414- Senapati Bapat Marg, Lower Parel, Mumbai-400013

T +91 22 40019000, 66667777 W www.nw18.com E: investors.n18@nw18.com

Network18 Media & Investments Limited

January 25, 2019

Network18 Media & Investments Limited: [ICRA]AAA (Stable) assigned for fresh long-term borrowing programme

Summary of rated action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term / Short-term, Fund-based / Non-fund Based Facilities	500.0	500.0	[ICRA]AAA (Stable) / [ICRA]A1+; outstanding
Long-term Borrowing Programme (Bank Loan / Non-convertible Debenture Programme)	500.0	1,000.0	[ICRA]AAA (Stable); assigned
Commercial Paper Programme	1,500.0	1,500.0	[ICRA]A1+; outstanding
Total	2,500.0	3,000.0	

* Instrument details are provided in Annexure-1

Rationale

The assigned ratings continue to draw comfort from the strategic importance of the media and digital businesses [(under Network18 Media & Investments Limited (Network18) and its subsidiary TV18 Broadcast Limited (TV18)] 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 RIL Group's commitment to the media business. The Network18 Group is present 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 notes the scheme of amalgamation, wherein the company has merged most of its wholly-owned subsidiaries with itself, which has streamlined its Group structure and resulted 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). Along with the above, funding requirements to meet commitments of its associate companies resulted in an increase in consolidated borrowings to Rs. 2,779.0 crore as on September 30, 2018 from Rs. 2,203.3 crore as on March 31, 2018. ICRA expects the cash burn to continue over the medium term till operations of the new channels and the digital businesses scales up further. With the broadcasting business driving the bulk of revenues for Network18 (consolidated), the revenue growth is linked to inherent seasonality and cyclicality in advertisement revenues. Under the ownership of RIL, Network18 group has been investing into incubating new properties and also revamping its existing portfolio. These investments, which are still in its gestation phase, has resulted in weak cash flows and strained debt indicators for Network18. ICRA however takes comfort from Network18's strong parentage, which lends significant financial flexibility.

Outlook: Stable

The Stable outlook factors in the financial flexibility enjoyed by the company arising from its strong parentage. Additionally, ICRA expects RIL group to continue providing support, whenever required, to Network18 as it is a key player in the media value-chain that RIL is focusing on. 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 or lower than ICRA envisaged support from the parent.

Key rating drivers

Credit strengths

Strong parentage of Network18 - ICRA derives strong comfort from the parentage of Network18. IMT, of which RIL is the sole beneficiary, holds a majority 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. ICRA expects RIL group to continue providing support, whenever required, to Network18 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 RIL 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.

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 (a 51-49 JV between TV18 and Viacom Inc.), moneycontrol.com and associates such as BookMyShow and HomeShop18, involved in the business of digital content and digital-commerce. Amongst these investments, TV18 (including Viacom18), with a strong portfolio of channels across genres, is the most significant driver of 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 group publishes four magazines—Forbes, Overdrive, Better Interiors and Better Photography.

Credit challenges

Gestation losses of new channels has impacted profitability - The company had launched three news channels, three regional entertainment channels (including two high definition or 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, demonetisation and introduction of 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 YoY growth for its broadcasting business in Q2 and Q3 FY2019.

Continued investments in e-commerce and digital businesses - The company's flagship portal, moneycontrol.com, remains profitable. However, the challenge for it is to sustain revenue growth and scale up as the traffic moves to mobile. Furthermore, NW18's other digital properties, News18.com and Firstpost, and its over-the-top (OTT) application, VOOT (under Viacom18) are likely to remain in the investment mode, given their significant potential and advertising revenue shift towards digital. Its ability to monetise the above through a sustainable business model in the medium term will be

crucial, as the digital advertising market is expected to be significant. Turnaround in performance of Homeshop18 (television home-shopping business)—which became an associate with effect from February 15, 2018—will be key to reduce drag on the company's balance sheet. Apart from Homeshop18, additional investments to be made in its key digital property, BookMyShow and other associates will drive the company's funding requirements.

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 linked to the cyclicity 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.

Liquidity Position

Network18 (consolidated) has witnessed an increase in borrowings to Rs. 2,779.0 crore as on September 30, 2018 from Rs. 2,203.3 crore as on March 31, 2018 to meet funding commitments of associate companies as well as funding growth/losses in its key subsidiaries. Furthermore, given the weak financials and the funding requirements in its subsidiary / associate companies, Network18 will continue to remain dependent on external debt funding; and refinancing its existing borrowings. Nevertheless, 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	Corporate Credit Rating Methodology Rating Methodology for Media Broadcasting Industry Impact of Parent or Group Support on an Issuer's Credit Rating
Parent / Group Support	Parent / Group Company: IMT, of which RIL is the sole beneficiary, holds a majority stake in Network18. ICRA expects RIL group to continue providing support, whenever required, to Network18 as it is a key player in the media value-chain that RIL is focusing on.
Consolidation / Standalone	Rating is based on the consolidated financial profile of the firm. As on December 31, 2018, the company had 15 subsidiaries, four associates, two JVs and 13 subsidiaries of associates that are enlisted in Annexure-2.

About the company:

Network18 Media and Investments Limited is a media and entertainment company with interests in television broadcasting, 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 through its associate (effective from February 15, 2018) HomeShop18 and has investments in e-commerce properties such as BookMyShow 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, Ubona and other companies.

Through its 51.17% 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 50:50 partnership with the Lokmat Group) and 13 regional news channels under the News18 umbrella.

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, Rishtey, MTV India, MTV Beats, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, Nick Jr and Teen Nick and eight regional entertainment channels under the Colors brand, including various HD feeds of entertainment channels. It also houses the Group's filmed entertainment business under Viacom18 Motion Pictures. 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, its first in the regional space, 'Colors Kannada Cinema', in September 2018.

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, Network18 reported consolidated net sales of Rs. 3,885.3 crore and a net loss (excluding share of profit / loss from associates/JVs and non-controlling interest) of Rs. 64.6 crore.

Key financial indicators (consolidated, audited)

	FY2017	*FY2018
Operating Income (Rs. crore)	1,491.0	1,839.0
**PAT (Rs. crore)	-252.9	-175.9
OPBDIT/ OI (%)	-9.2%	-2.0%
RoCE (%)	-3.7%	-0.4%
Total Debt/ TNW (times)	0.4	0.6
Total Debt/ OPBDIT (times)	-9.5	-59.5
Interest Coverage (times)	-1.7	-0.4

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)) - 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. Also, Homeshop18 ceased to be a subsidiary and became an Associate of Network18 with effect from February 15, 2018, while FY2017 includes full-year consolidation of Homeshop18.

**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		Date & Rating in FY2018		Date & Rating in FY2017	Date & Rating in FY2016
				January 2019	July 2018	February 2018	May 2017	August 2016	January 2016
1 Commercial Paper Programme	Short-term	1,500.0	-	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +
2 Borrowing Programme (Bank Loan / NCD)	Long-term	1,000.0	0.0	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA + (Stable)	[ICRA]AA + (Stable)
3 Fund-based Limits	Long-term	0.0	-	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA + (Stable)	[ICRA]AA + (Stable)
4 Fund-based Limits	Long-term / Short-term	205.0	-	[ICRA]AA (Stable) / [ICRA]A1 +	-	-	-	-	-
5 Non-fund Based Limits	Long-term / Short-term	0.0	-	-	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +
6 Unallocated Limits	Long-term / Short-term	295.0	-	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +	[ICRA]AA + (Stable) / [ICRA]A1 +
8 Sub-limits	Long-term / Short-term	25.0	-	[ICRA]AA (Stable) / [ICRA]A1 +	-	-	-	-	-
9 Fixed Deposit Programme	Medium-term	0.0	-	-	-	-	-	MAA+ (Stable) withdrawn	MAA+ (Stable) on notice of

withdraw
al

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	7-364 days	1,500.0	[ICRA]A1+
NA	Long-term Borrowing Programme (Bank Loan / NCD)	Not issued	NA	NA	1,000.0	[ICRA]AAA (Stable)
NA	Overdraft / Working Capital Demand Loan	NA	NA	NA	205.0	[ICRA]AAA (Stable) / [ICRA]A1+
NA	Long-term / Short-term Unallocated Limits	NA	NA	NA	295.0	[ICRA]AAA (Stable) / [ICRA]A1+

Source: Network18

Annexure-2: List of entities considered for consolidated analysis

Company Name	Relationship	Consolidation Approach
Network18 Media Trust	Subsidiary	Full Consolidation
TV18 Broadcast Limited	Subsidiary	Full Consolidation
Infomedia Press Limited	Subsidiary	Full Consolidation
AETN18 Media Private Limited	Subsidiary	Full Consolidation
e-Eighteen.com Limited	Subsidiary	Full Consolidation
Moneycontrol Dot Com India Limited	Subsidiary	Full Consolidation
NW18 HSN Holdings Plc	Associate	Equity Method
TV18 Home Shopping Network Limited	Associate	Equity Method
Shop CJ Network Private Limited	Subsidiary of Associate	Equity Method
Colosseum Media Private Limited	Subsidiary	Full Consolidation
Greycells18 Media 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
Ubona Technologies Private Limited	Joint Venture	Equity Method
Eenadu Television Private Limited	Associate	Equity Method
Big Tree Entertainment Private Limited	Associate	Equity Method
Spacebound Web labs Private Limited	Subsidiary of Associate	Equity Method
Big Tree Entertainment Singapore Pte Ltd.	Subsidiary of Associate	Equity Method
Fantain Sports Private Limited	Subsidiary of Associate	Equity Method
PT Big Tree Entertainment Indonesia	Subsidiary of Associate	Equity Method
Big Tree Entertainment Lanka (Pvt) Limited	Subsidiary of Associate	Equity Method
Dyulok Technologies Private Limited	Subsidiary of Associate	Equity Method
Foodfesta Wellcare Private Limited	Subsidiary of Associate	Equity Method
Big Tree Entertainment DMCC	Subsidiary of Associate	Equity Method
Townscript USA, Inc.	Subsidiary of Associate	Equity Method
Nomobo Entertainment Private Limited	Subsidiary of Associate	Equity Method
Big Tree Sport & Recreational Events Tickets Selling L.L.C	Subsidiary of Associate	Equity Method
Go2Space Event Management Private Limited	Subsidiary of Associate	Equity Method

ANALYST CONTACTS

Subrata Ray

+91 22 6114 3408
subrata@icraindia.com

Jay Sheth

+91 22 6114 3419
jay.sheth@icraindia.com

Kinjal Shah

+91 22 6114 3442
kinjal.shah@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 804332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2552 0194/95/96

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