

May 29, 2017

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 of TV18 Broadcast Limited**

Dear Sir / Madam,

This is to inform you that ICRA Limited (ICRA) – the Credit Rating Agency, has assigned/revised the credit ratings of the Company's rated instruments as given below:

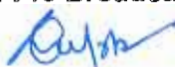
- (i) The fund based/non-fund based long term/ short term limits of Rs. 354 crores:
 - a. Upgraded the assigned long term rating to [ICRA]AAA (pronounced ICRA triple A) from [ICRA] AA+ (pronounced ICRA double A plus).
 - b. Reaffirmed the assigned short-term rating at [ICRA] A1+ (pronounced ICRA A one plus).
- (ii) The Commercial Paper Programme aggregating to Rs. 400 crores: Reaffirmed rating at [ICRA] A1+ (pronounced ICRA A one plus).

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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May 26, 2017

TV18 Broadcast Limited

Summary of rated instruments

Instrument#	Rated amount (in Rs. crore)	Rating Action
Long-term/short-term fund based /non-fund based limits	354.0	Upgraded to [ICRA]AAA (stable) from [ICRA]AA+ (stable) / [ICRA]A1+ reaffirmed
Commercial Paper Programme	400.0	[ICRA]A1+ reaffirmed

#Instrument Details are provided in Annexure-1

Rating action

ICRA has upgraded the long-term rating on the Rs. 354.0 crore long-term / short-term fund based, non-fund based facilities ¹of TV18 Broadcast Limited ('TV18' or 'the company') to [ICRA]AAA² (pronounced ICRA triple A) from [ICRA]AA+ (pronounced ICRA double A plus) and reaffirmed the short-term rating at [ICRA]A1+ (pronounced ICRA A one plus) for the bank facilities. The outlook on the long-term rating is stable.

ICRA has also reaffirmed the [ICRA]A1+ rating on the Rs. 400.0 crore Commercial Paper programme of the company.

Rationale

The rating upgrade takes into account ICRA's enhanced comfort from the fact that the media businesses (under Network18 and its subsidiary TV18 Broadcast Limited) is a key element to Reliance Industries Limited's (RIL) ecosystem approach to digital outreach. Independent Media Trust (IMT), of which RIL (rated [ICRA]A1+ and Baa2 Positive by Moody's Investors Service) is the sole beneficiary, holds a majority stake in Network18. 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 the broadcasting business across genres, including entertainment channels in Hindi, English and five regional languages, business news channels in Hindi, English and Gujarati, and general news channels in Hindi, English and 14 regional news channels. Channel bouquet strength coupled with the healthy market share in terms of viewership ratings are resulting in healthy advertisement revenues. The ratings also draw comfort from the healthy net distribution income and the expected gain on the back of further growth in subscription revenues besides reduction in carriage fee for existing channels, attributable to the ongoing digitisation of the cable industry. 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 expected to streamline the TV18 corporate structure and result in tax efficiencies.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

The ratings factor in the risks inherent to the media and entertainment industry in terms of vulnerability of advertisement revenue driven business profile to cyclicalities in advertising spends by corporates and the working capital intensive nature of operations on account of an extended receivables cycle. ICRA takes note of the rising competitive intensity with an increase in the total number of channels in the mass content as well as niche segment coupled with 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 across genres and the resultant share in the advertisement revenue pie will remain the key rating sensitivity.

Key rating drivers

Credit strengths

- Strong parentage of TV18; strategically important business of the RIL Group being its sole investment in the media and entertainment segment, and a key content provider for the telecom operators
- Strong bouquet of channels across genres, reflected in healthy market share in terms of viewership ratings and advertisement revenues

Credit weaknesses

- Gestation losses for new channels in broadcasting business; recovery in advertisement revenues post impact of demonetisation shall be crucial
- Rising competitive intensity in both mass and niche content channels to test the company's ability to sustain its market share, and by implication, its advertisement revenue share

Description of key rating drivers highlighted above:

ICRA derives strong comfort from the parentage of the Network18 Group, with RIL being the sole beneficiary of IMT which 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. The RIL management considers the media businesses as a key element for the Group's telecom thrust and the media businesses are expected to benefit from synergies with the telecom venture and overall increasing 4G and broadband penetration.

The standalone business profile of TV18 comprises the general and business news channels- CNBC TV18, CNBC Awaaz, CNBC Bajar, CNN News18 and News18 India. At the consolidated level including joint ventures (JVs), 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 reflected in its healthy market shares in terms of viewership ratings and advertisement revenues. However, the company has launched a number of new channels in the past two fiscals; the gestation phase of these channels has impacted the profitability of the company. Additionally, a sharp pullback in spends by advertisers during the months of November and December 2016 and subsequent slow recovery in advertisement spends adversely impacted revenues during the key revenue generating quarters of Q3 and Q4, with consequent impact on estimated profitability. The management has nevertheless opined that advertisement revenues have started stabilising towards the end of Q4 FY2017 and are expected to be back on growth trajectory during FY2018 if macro-economic trends are supportive. This is expected to augur well for the profitability of the company. 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 Ratings: A Note on 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 business, magazines, mobile content and allied businesses. Network18 manages various digital businesses, including portals such as moneycontrol.com, ibnlive.com, burrrp.com, in.com and firstpost.com. It also operates digital e-commerce properties such as HomeShop18 and bookmyshow.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, Yatra, Ubona and other companies.

Through its subsidiary, TV18, the Group operates news channels - CNBC TV18, CNBC Awaaz, CNBC Bajar, CNBC TV18 Prime HD, CNN News18, IBN 7, News18, IBN Lokmat (a Marathi regional news channel in partnership with the Lokmat Group) and 13 regional news channels under the brand ETV / News18 brand (including three new regional news channels, News 18 Kerela, News 18 Tamil Nadu and News 18 Assam / N.E launched in April 2016).

TV18 also operates a JV with Viacom, called Viacom18 Media Private Limited, which houses a portfolio of entertainment channels — Colors, Colors HD, Rishtey, MTV India, MTV Indies, Comedy Central, Colors Infinity, Vh1, Nick, Sonic, Nick Jr, Teen Nick, Colors Infinity 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 over the top (OTT) space.

AETN18, a JV between TV18 and A&E Television Networks, operates a factual entertainment channel History TV18, and has commercially launched another factual entertainment channel, FYI TV18, in July 2016.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

Table:

S No	Name of the instrument	Current Rating(FY2018)			Chronology of Rating history for the past 3 years		
		Type	Rated amount (Rs. Crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015
				May-17	Aug-16	Jan-16	Jun-14
1	Commercial Paper Programme	Short-term	400.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Fund based limits	Short-term, long-term	179.0	[ICRA]AAA (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]A (positive)
3	Non-fund based limits	Short-term, long-term	37.0	[ICRA]AAA (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]A (positive)
4	Unallocated	Short-term, long-term	138.0	[ICRA]AAA (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]AA+ (stable) / [ICRA]A1+	[ICRA]A (positive)
5	Fixed deposit programme	Medium-term	0.0	-	MAA+ (stable) withdrawn	MAA+(stable) 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

Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
Cash Credit/Overdraft/Working capital demand loan	-	-	-	179.0	[ICRA]AAA(stable)
Bank guarantee/Loan equivalent riskR/Letter of Credit	-	-	-	37.0	[ICRA]AAA(stable)
Long-term/ short-term unallocated limits	-	-	-	138.0	[ICRA]A1+
Commercial Paper Programme	-	-	2-12 months	400.0	[ICRA]A1+

Source: TV18 Broadcast Limited

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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

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