



## Rating Rationale

New Media Broadcasting Private Limited

19th Aug 2019

### Brickwork Ratings revises the rating for the Non-Convertible Debentures Issue of ₹. 300 Crores of New Media Broadcasting Private Limited

#### Particulars

Debenture Trustee	Instrument	Amount Rs in Crs	Coupon	Issue Date	Maturity	ISIN	Previous Rating June 13, 2019	Present Rating Downgrade
IDBITSL	NCD	300	5% payable Quarterly	19.2.16	18.2.21	INE343U07011	BWR BBB (SO) (Pronounced as BWR Triple B Structured Obligation) Credit watch with negative implications	BWR BBB- (SO) (Pronounced as BWR Triple B minus Structured Obligation) Credit watch with negative implications
<b>Total</b>		<b>300</b>	<b>INR Three Hundred Crores Only/-</b>					

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

Note: IDBITSL refers to IDBI Trusteeship Services Limited

The ratings were placed on credit watch with negative implications on Jun 13, 2019.

#### Rating: Downgrade

The promoters of ZEEL had earlier made a public announcement, that the group will enter into a binding agreement regarding stake sale to a strategic investor by July 31, 2019 and use the proceeds to repay the debt against pledge of promoter held shares in the specified time frame till Sep 30, 2019. However, as per the disclosure made to the stock exchange by the promoter group on July 31, 2019, Invesco Oppenheimer Developing Markets Fund (IODMF; existing investor in ZEEL for 7.74% stake) has agreed to buy upto 11% stake in ZEEL for a consideration value upto Rs.4,224 crs (which is close to half of the debt against pledge of shares) which will be utilised by the promoters to repay the partial debt raised by promoter held entities against pledge of shares. The promoters have not finalised the deal as planned within the time-frame indicated earlier and the additional stake sale for raising the amount required to take care of repayment of the balance debt is yet to be finalised though the promoters have announced that the entire debt is likely to be paid by 30.9.2019. The rating of above NCD issues have been downgraded on account of delay in completion of the binding term sheets for the total outstanding debt raised against pledge of shares which was expected to be completed fully by 31st July 2019, volatility in share price



thereby impacting the security cover, delay in disinvestment and deteriorating credit profile of the groups infra segment, and resultant weakening of the financial flexibility of the group.

### **Rationale/Key Rating Drivers:**

The 'Structured Obligation' Ratings in the table above factors the rating of listed companies, whose shares are pledged, and terms of the issue including the security cover. The credit profile of ZEEL (BWR AAA/credit watch with negative implications) including SITI (BWR BBB credit watch with negative implications) shares of which are pledged are on 'credit watch with negative implications and BWR rating of Zee Learn Limited is BWR A credit watch with developing implications. The credit profile of Dish TV Limited, SITI, Zee Learn Limited, Zee Media Corporation Limited and ZEEL is given here under. The rating also factors expected liquidity on account of monetization in promoters stake sale in ZEEL to overcome the financial stress in the group including repayment of debt against pledge of promoters held shares.

### **NCD Structure as per the term sheet**

The above company has raised NCD issue with above tenures to be used for general corporate purpose/refinancing. The NCD have an initial collateral cover of equity shares of 1.50x. NCD is secured by way of pledge of equity shares of Siti Network Limited (SNL).

During review process company has confirmed that since the share price of Siti Network Limited substantially fell followed by fall in security cover, the issuer has additionally pledged share of other listed group entities named Zee Media Corporation Limited, Zee Learn Limited and Dish TV Limited as additional security.

If at any time before the redemption, the share cover falls below 1.7 times of the outstanding amount, the borrower shall top-up in the form of additional pledge of shares so that the initial share cover is restored. If the security cover is 1.85 times or higher for a period of 10 consecutive trading days, the issuer may request the trustee to release such number of shares so that security cover is restored at initial level. Issuer shall be required to deposit all amounts outstanding under the facility in the designated account 30 days prior to the Maturity Date (T-30) and on failure to comply with the above by the issuer the debenture Trustee shall enforce security created under the pledge agreement and sell the shares before the redemption due date. The structure may undergo change with respect to mandatory top up requirement and redemption date including preponement etc. depending upon agreement of the issuer and lender.



### **Rating comfort:**

BWR has taken note of the developments relating to stake sale, including the recent announcement of a deal for an amount of upto Rs.4224 crs. In addition to this, the group has also initiated the process of divesting other key assets and expect to pay all their lenders within the agreed time of Sep 30, 2019. BWR also takes comfort that the lenders did not enforce security of pledge of shares as per the earlier understanding with the group. BWR has not received any default intimation from Investor/Trustee for the aforesaid NCDs.

### **Credit watch with negative implications and rating sensitive events:**

The rating continues on credit watch with negative implications on account of uncertainties on the balance stake sale & creation of liquidity, deteriorating and weakening credit profile and financial flexibility of the group.

The group has announced deal of Rs.4224 crs as against higher total outstanding debt to be paid. The group has initiated the process to divest their non media key assets and the proceeds to be utilised against the debt repayment. The successful and timely completion of the stake sale deal and the divestment of non media assets and paying of the lenders within the time period till Sep 30, 2019 is critical. Any further delay beyond the informed timeframe, is a key rating sensitivity.

### **About the Company**

New Media Broadcasting Private Limited (NMBPL) is a part of essel group belonging to Mr. Subhash Chandra and family. The company primarily act as holding company. The company has two directors on board Mr. Anil Chougule and Mr. Amish Pandya.

### **Background of Siti Network Limited (SNL) whose shares are pledged**

Siti Network Limited (formerly known as Siti Cable Network Limited) is one of India's largest Multi System operators (MSO). With 40 analogue and 18 digital head ends and a network of more than 16,000 kms of Optical Fibre and coaxial cable, it provides its cable services in India's ~ 250 cities and the adjoining areas, reaching out to over 12.20 million viewers. Siti Network deploys State-of-the-art technology for delivering multiple TV signals to enhance consumer viewing experience. Its product range includes Digital & Analogue Cable Television, Broadband and Local Television Channels. Siti Network has been providing services in analogue and digital mode, armed with technical capability to provide features like Video on Demand, Pay per view, Electronic Programming Guide (EPG) and Gaming through a Set Top Box (STB). All products are marketed under SITI Brand name.

### Company Financial Performance

Key Financial indicators of issuer New Media Broadcasting Private Limited as below:

Particulars (Amt in Rs Cr)	2017	2018
	Audited	Audited
Total Operating Income	0.22	0.01
OPBDIT	(0.29)	(0.12)
PAT	(42.75)	(42.62)
Tangible Net Worth	(45.34)	(87.97)
Total debt: TNW	(7.38)	(3.80)

### Key Financial indicators of Siti Network Limited

Particulars (Amt in Rs Cr)	2017	2018	FY19
	Audited	Audited	BSE Published
Net sales	1194.92	1410.40	1442.13
OPBDIT	203.00	308.55	323.61
PAT	(179.23)	(169.90)	(264.28)
Tangible Net Worth	303.65	137.49	9.73
Total debt: TNW	5.36	6.93	NM*
Current Ratio	0.56	0.48	0.54

\*Not Meaningful

### Key Financial indicators of Zee Media Corporation Limited

Particulars (Amt in Rs Cr)	2017	2018	2019	Q1FY20	Q1FY19
	Audited	Audited	BSE Published	BSE Published	BSE Published
Net sales	449.83	573.48	686.92	200.66	154.69
OPBDIT	96.91	107.21	91.45	68.65	37.73
PAT	22.87	27.84	(6.32)	26.07	35.89
Net worth	642.36	677.98	622.74	-	-
Current Ratio	1.09	0.97	1.33	-	-

### Key Financial indicators of Zee Learn Limited

Particulars (Amt in Rs Cr)	2017	2018	2019
	Audited	Audited	Audited
Net sales	179.87	268.51	517.25
OPBDIT	59.13	102.51	157.72
PAT	33.51	49.28	83.39
Tangible Net Worth	183.44	247.60	167.66

Total debt: TNW	1.42	1.04	2.26
Current Ratio	0.90	0.79	0.72

#### Key Financial indicators of Dish TV Limited

Particulars (Amt in Rs Cr)	2017	2018	2019	1Q FY20
	Audited	Audited	Audited	BSE Publish ed
Net sales	3,014.39	4634.16	6218.20	930.93
OPBDIT	978.60	1316.02	2096.40	540.68
PAT	109.28	-84.90	-1163*	-34.96
Tangible Net Worth	490.59	6754.13	-1425.63	-
Total debt: TNW	1.19	0.33	-1.39	-
Current Ratio	0.43	0.30	0.27	-

\*The PAT loss of Rs.1163 crs in FY19 is mainly due to impairment assessment carried out by the company. The impairment is mainly on goodwill.

### Rating History for the last three years

S n	Instr umen t	ISIN	Current Rating (2019)					Rating History				
			Type (Lon g Term / Short Term )	Am oun t ( ₹ Crs )	Current Rating	13 June 2019	23 May 2019	Feb 18 2019	Jan 31 2019	Mar 31 2018	Mar 31 2017	Mar 2 2016
1	NCD	INE343U07011	Long Term	300	BWR BBB-(SO) (Pronounced as BWR Triple B minus Structured Obligation) Credit watch with negative implications	BWR BBB (SO) Credit watch with negative implications	BWR BBB (SO) Credit watch with developing implications	BWR BBB (SO) Credit watch with developing implications	BWR BBB+ (SO) Credit watch with developing implications	BWR BBB+ (SO)	BWR BBB+ (SO)	BWR BBB+ (SO)
<b>Total</b>				<b>300</b>			<b>₹ Three Hundred Crores Only</b>					

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA

Any other information:NA

#### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Structured Obligations \(SO\) Instruments](#)
- [Approach to Financial Ratios](#)



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**Note on complexity levels of the rated instrument:**

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**About Brickwork Ratings**

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