

Zee to buy Anil Ambani's TV broadcast business

SPECIAL CORRESPONDENT

MUMBAI: Anil Ambani's Reliance Capital agreed to sell 49 per cent stake in the group's radio broadcast business and 100 per cent of the general entertainment TV unit to Zee Group for a combined value of Rs.1,900 crore.

The sale, which will mark Ambani's exit from television broadcasting, will cut the company's exposure to non-core businesses and help it pare debt.

Reliance Broadcast Network Ltd. (RBNL), the largest operator of FM channels in India, signed definitive and binding agreements with Zee Media Corporation Ltd. (ZMCL) to sell 49 per cent stake in its radio broadcast business, according to a statement from Reliance Capital. Zee Entertainment Enterprises Ltd. (ZEEL), a separate entity under Subhash Chandra's Zee Group, will acquire the general entertainment TV business from Reliance Capital.

"This transaction is part of our strategy to reduce exposure in the non-core business of media and entertainment and work towards further reducing our debt under Reliance Capital," said Sam Ghosh, executive director and Group CEO, Reliance Capital.

Paring debt

Proceeds from the stake sale would be used to reduce Reliance Capital's debt by about Rs.1,900 crore. Both the transactions have been approved by the boards of respective companies and are expected to be completed by next year, subject to approvals.



TUNING OUT: Anil Ambani

"We are currently running successfully a bouquet of 11 news and current affair channels and with the addition of 59 radio licenses, we will be reaching out to a much-increased audience base and will keep them engaged on different media platforms," said Rajiv Singh, chief operating officer, Zee Media Corporation.

RBNL runs the largest network of FM radio channels in India under the brand name of 92.7 Big FM, covering 45 cities and 1,200 towns and reaching more than 200 million people.

The company will transfer the 45 operational and 14 new channels into two special purpose vehicles (SPVs) respectively and ZMCL will acquire 49 per cent stake in each of these two SPVs.

Both companies shall also have a call/put option for the balance 51 per cent stake in both the SPVs after the stipulated lock-in period.

"Big Magic gives us access to comedy genre enhancing our customer offerings," said Punit Goenka, MD, Zee Entertainment. "BigGanga, a leading Bhojpuri channel syncs with our strategy of expanding into the regional markets which offer attractive growth potential."