

Zee buys Anil Ambani's TV, radio biz for ₹1,900 cr

Reliance Cap exiting non-core operations to bring down debt

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Reliance Capital has divested its 100 per cent stake in its television broadcasting business and 49 per cent in its radio business to Subhash Chandra's Zee Group for an enterprise value of ₹1,900 crore.

The Anil Ambani company said the move is in line with its plan to exit non-core businesses to trim debt.

The radio broadcasting business, operated by Reliance Broadcast Network Ltd, holds 45 operational licences (issued under Phase II and migrated to Phase III) and 14 new licences (issued under Phase III).

Under the TV business, Zee has acquired two operational general entertainment channels — BIG Magic and BIG Ganga — and four other TV licences. Big Magic is a comedy channel catering to Hindi speaking markets. BIG Ganga is a leading Bhojpuri entertainment channel catering to audiences in Bihar, Jharkhand and Purvanchal.

Due to the government's lock-in norms, the acquisition of 59 FM radio licences will be done in two stages. Zee Media will also have the right to buy the remaining 51 per cent stake after the lock-in period expires.

Under regulatory norms, at least 51 per cent shareholding



Anil Ambani-led Reliance Capital plans to focus on its housing financing, asset reconstruction, insurance and mutual funds businesses, among others.

needs to be held by the licence holder for a minimum period of three years from the date the channels were operationalised.

Reliance Broadcast will transfer the 45 operational and 14 new licences — along with the respective assets and liabilities — into two SPVs.

Big FM reaches around 43 million listeners per week. Zee Media COO Rajiv Singh said: "We are successfully running a bouquet of 11 news and current affair channels. With the addition of 59 radio licences, we will be reaching out to a much increased audience base and will keep them engaged on different media platforms. This acquisition shall bring about the desired business diversity and help in achieving

the sound financial objectives at an accelerated pace."

Reliance Capital said that after hiving off its non-core assets, it will build a core investment company which will include its firms in housing financing, asset reconstruction, insurance and mutual fund, among others.

Post deal, its debt is likely to come to ₹11,000 crore, the company said. As on September 30, 2016 its overall debt stood at ₹31,000 crore. Of this, ₹21,000 crore is in the lending business, said a company spokesperson. The transaction is expected to close in the first half of calendar 2017.

Earlier acquisition

Less than two months back, Zee Entertainment had acquired the UAE's leading radio station, Hum 106.2 FM, for an undisclosed amount. With the latest acquisition, Zee said that it is the only entertainment network in the region to provide an extensive media solution to its partners through television, radio and di-

gital. "The acquisition gives Zee a complementary portfolio. Reliance's radio business is the jewel in the crown both in terms of reach and listeners. There are not

many radio businesses which are key differentiators in their category. Additionally, the television portfolio gives them a ready comedy channel and also key ac-

cess to the Bhojpuri market. But, whether the price justifies the deal or not remains to be seen," said Sumeet Abrol, Partner, Lead Advisory, Grant Thornton.