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Zee to acquire Anil Ambani Group TV channels, 49% radio biz for ₹1,900 cr

NEW DELHI: Reliance Capital, part of Anil Ambani-led Reliance Group, has entered into a Rs 1,900-crore deal with Subhash Chandra-led Zee group to sell 100 per cent stake in its general entertainment TV channels and 49 per cent stake in radio business as part of measures to reduce debt.

"Zee Entertainment Enterprises Ltd (ZEEL), a separate entity under Zee group, will acquire 100 per cent stake in the Group's General Entertainment TV business," Reliance Capital said in a statement.

The company would transfer 49 per cent of its radio business, to Zee Media Corporation Ltd (ZMCL), which operates 11 news channels and publishes newspaper DNA, it said.

"The transaction pegs the combined Enterprise value of Radio and TV business at approx. Rs 1,900 crore (USD 283 million)," Reliance Capital said.

"These transactions form part of Reliance Capital's stated strategy to reduce leverage and exposure in non-core business of media and entertainment," it said.

The TV broadcasting business, operated under Reliance Broadcast Network Ltd (RBNL), comprises two operational general entertainment

channels -- Big Magic and Big Ganga, and four other TV licences.

RBNL also operates 45 FM radio stations. Besides, it has bagged 14 new licences under Phase III auctions.

"Both these transactions have been approved by the boards of respective companies and are expected to be completed by next year, subject to applicable approvals," Reliance Capital said.

"The Board of Directors of Zee Entertainment Enterprises today approved the acquisition of the general entertainment broadcasting business undertaking of Reliance Big Broadcasting Private Limited, Big Magic Limited and Azalia Broadcast Private Limited, all part of Anil Ambani led Reliance Group Entities through a scheme of demerger and execution of definitive agreements in relation to such proposed acquisition," ZEEL said in a statement.

The transaction is expected to close in the second half of calendar year 2017, it added.

As per the agreement, RBNL would transfer its FM radio operations and new licences to two Special Purpose Vehicles, in which the Essel group firm would acquire 49 per cent stake.



"RBNL shall be transferring the 45 operational and 14 new licenses into two SPVs respectively along with the assets and liabilities. ZMCL shall acquire 49 per cent stake in each of these two SPVs," Reliance Capital said.

Moreover, both the companies - ZMCL and RBNL - would have a call/put option to acquire the remaining 51 per cent shares after the mandatory lock-in provisions of the FM radio station licences expire.

Reliance Capital ED and Group CEO Sam Ghosh said: "This transaction is part of our strategy to reduce exposure in non-core businesses and work towards further reducing debt under Reliance Capital."

Big Magic is a comedy channel catering to Hindi

speaking markets, while Big Ganga is a Bhojpuri entertainment channel catering to audiences in Bihar, Jharkhand and Purvanchal.

ZEEL Managing Director and Chief Executive Officer Punit Goenka said, "Big Magic gives us access to comedy genre enhancing our customer offerings. BIG Ganga, a leading Bhojpuri channel syncs with our strategy of expanding into the regional markets which offers attractive growth potential"

The proposed transaction remains subject to approval of the shareholders and requisite regulatory approvals including stock exchanges, Ministry of Information and Broadcasting and Bombay High Court, ZEEL said.