

Reliance Group to sell TV business, 49% of radio unit to Zee

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MUMBAI

Anil Ambani's Reliance Group on Wednesday said that it will sell a 49% stake in its radio business and its entire TV business to Zee Group entities to help cut debt by Rs1,900 crore.

Reliance Broadcast Network Ltd (RBNL), part of the Anil Ambani group, has signed definitive and binding agreements with Zee Media Corp. Ltd to sell the stake in its radio broadcast business. Zee Entertainment Enterprises Ltd, a separate entity under Zee Group, will acquire Reliance's general entertainment TV business.

The transactions will help reduce debt by about Rs1,900 crore (\$283 million), a company statement said. The transactions are expected to be completed by next year.

Reliance Group's debt was estimated at Rs1.14 trillion by Capitaline as of 30 September.

RBNL runs a network of FM Radio channels in India under the brand name of 92.7 Big FM that reaches 45 cities, 1,200 towns and over 200 million people, according to the company's statement.

Big FM was launched in 2006.

The general entertainment TV broadcasting business currently comprises two channels—Big Magic and Big Ganga. Big Magic is a comedy channel catering to Hindi-speaking markets while Big Ganga is a Bhojpuri entertainment channel catering to people in Bihar, Jharkhand and eastern Uttar Pradesh.

In January, *Mint* had reported that the Anil Ambani group was in talks to sell a stake in the radio business.

Consulting firm EY was the financial adviser to Reliance for these transactions.

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

chief executive, Reliance Capital Ltd, the Reliance Group arm which has substantial economic interest in the radio and general entertainment business.

A senior executive at Zee Media said the assets are complementary to its current businesses and will accelerate the growth of Zee Media.

"We are currently running successfully a bouquet of 11 news and current affairs channels and 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," said Rajiv Singh, chief operating officer, Zee Media Corp.

According to industry experts, the deal gives Zee access to more regional language channels, an important and growing market for media companies.

"It's a good stake for Zee which had no presence in the Bhojpuri market. They had earlier acquired an Odia channel and are garnering high ratings in Tamil Nadu as well. I think it's a brilliant strategy and going forward, I'd expect them to tap markets like Kerala too," said Abneesh Roy, an analyst at Edelweiss Securities Ltd.

On 31 August, Zee announced that it was selling its sports network TEN Sports to Sony Pictures Network in an all-cash deal worth \$385 million. The sale was a step towards a strategic shuffle of Zee's portfolio of channels as the broadcaster seeks to expand its general entertainment business, Punit Goenka, managing director at Zee Entertainment Enterprises, said at the time.

Shares of Reliance Capital closed the day up 4.47% at Rs438.6 on the BSE while the benchmark Sensex rose 0.35% to close at 26,051.81 points.

Lata Jha in New Delhi contributed to this story.

Reliance Group companies have sued HT Media Ltd, Mint's publisher, and nine others in the Bombay high court over a 2 October 2014 front-page story that they have disputed. HT Media is contesting the case.