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Zee Entertainment slips on credit rating downgrade

Capital Market

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Zee Entertainment Enterprises fell 1% to Rs 276.90 after credit rating agency, **Brickwork Ratings India**, downgraded the company's cumulative redeemable non-convertible preference shares & the issuer rating.

Brickwork Ratings India downgraded Zee Entertainment Enterprises' (ZEEL) 6% cumulative redeemable non-convertible preference shares with outstanding Rs 1,210.16 crore to 'BWR AA (credit watch with negative implications)' from 'BWR AA+' (credit watch with negative implications).

The company's issuer rating was also downgraded to 'BWR AA' (credit watch with negative implications) from 'BWR AA+' (credit watch with negative implications). The filing was made after market hours yesterday, 17 December 2019.

The downgrade in the rating factors the resignation of certain independent directors and the company secretary, along with dilution of controlling stake of the promoter and promoter group which now owns 5% in the company and the stepping down of Subhash Chandra as chairman of the board who, however, will remain as non-executive director of the company.

The rating however continues to factor in the established track record of promoters of over 2 decades in Indian television broadcasting industry, apart from the adequate financial profile of the company as reflected in increase in scale of operations a long with low debt.

The S&P BSE Sensex was up 37.24 points or 0.09% at 41,389.41.

On a consolidated basis, Zee Entertainment Enterprises' net profit soared 41.8% to Rs 548.21 crore on 7.4% rise in net sales to Rs 2,122.01 crore in Q2 September 2019 over Q2 September 2018.

Zee Entertainment Enterprises is a media and entertainment company engaged in providing broadcasting services.