RAG RAG MEIN DAUDE CITY.

April 24, 2020

1.	**National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor Plot No. C/1, G Block; Bandra (East) Mumbai 400 051 NSE Scrip Code: RADIOCITY ISIN: INE919I01024	2.	**BSE Limited** Corporate Relationship Department Phiroze Jeejeebhoy Towers Dalal Street; Fort Mumbai 400 001 BSE Scrip Code: 540366 ISIN: INE919I01024

Sub.: Credit rating by CRISIL.

Dear Sir's

Pursuant to Clause 3 of Schedule III, Part A, Para A read with regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that CRISIL has reaffirmed **"CRISIL AA/Stable"** rating to the Long term facilities of the Company and **"CRISIL A1+"** rating to the short term facilities of the Company.

Further, pursuant to redemption of Non-Convertible Debentures (NCD) of the Company, CRISIL has withdrawn **"CRISIL AA/Stable"** rating relating to NCD's.

The letter received from the CRISIL is attached herewith for your perusal.

Thanking you

Yours faithfully
For Music Broadcast Limited

Chirag Bagadia
Company Secretary and Compliance Officer

Encl: As above

Ratings

CRISIL
An S&P Global Company

Rating Rationale

April 23, 2020 | Mumbai

Music Broadcast Limited

Ratings Reaffirmed; NCD withdrawn

Rating Action

Total Bank Loan Facilities Rated	**Rs.135 Crore**
Long Term Rating	**CRISIL AA/Stable (Reaffirmed)**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**

Rs.50 Crore Non Convertible Debentures	**CRISIL AA/Stable (Withdrawn)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL AA/Stable/CRISIL A1+' ratings on the bank facilities of Music Broadcast Ltd (MBL). CRISIL has also **withdrawn** its rating on the company's non-convertible debentures of Rs 50 crore (see Annexure: Details of Rating Withdrawn) on confirmation from the debenture trustee that they have been fully redeemed. The rating withdrawal is in line with CRISIL's policy.

The ratings continue to reflect MBL's strong market position in the radio industry, healthy financial risk profile and established managerial, operational, and financial linkages with the parent. These strengths are partially offset by susceptibility to intense competition and economic activity in the FM radio broadcasting industry.

The radio industry's revenue is expected to decline by 22-25% in fiscal 2021 because of the impact of the Novel Coronavirus (Covid-19) pandemic. Advertisement revenue has high correlation with economic growth. While listenership has improved since the nationwide lockdown has been imposed, the expected weak economic activity has led to significant drop in players' advertising revenue, which, in the past, has rebounded sharply when economic growth has recovered. Revenue should gradually recover from the second quarter of fiscal 2021 onwards, with a full recovery in fiscal 2022.

While the base case assumes a decline in revenue by 22-25% in fiscal 2021, in line with the industry standard, MBL's credit risk profile remains supported by its strong market position, healthy liquidity of over Rs 215 crore as on March 31, 2020, nil debt, and high financial flexibility. Furthermore, expectation of waiving off of license fees for radio players could support their operating profit and, hence, remains a key monitorable.

CRISIL has not factored in the potential acquisition of Reliance Broadcast Network Ltd (RBNL) by MBL'this was earlier factored in - as the transaction is unlikely to happen in the near term.

Analytical Approach

For arriving at the ratings, CRISIL has applied its parent notch-up framework to factor in strong operational, financial, and managerial support available to MBL from JPL.

Key Rating Drivers & Detailed Description

Strengths

*** Strong market position and healthy financial risk profile**

MBL has a healthy portfolio of 39 radio stations, built through organic and inorganic expansion over fiscals 2016-2017. The 11 stations acquired during the phase III auctions have started contributing modest operating profit. However, MBL's operating profit is expected to decline by 25-30% in fiscal 2020 compared to the previous fiscal due to advertisement volume being impacted by the weak macroeconomic environment in the industry.

Strong growth in cash accrual, coupled with fresh equity issuance of Rs 400 crore through an initial public offering (IPO) in fiscal 2017, has helped the financial risk profile. The company was debt-free as on March 31, 2020. Adjusted interest coverage is expected to remain healthy at over 9 times in fiscal 2020. Liquidity is ample, with cash and liquid investments of over Rs 215 crore as on March 31, 2020. The financial risk profile should remain healthy over the medium term, driven by steady cash accrual and the absence of debt.

*** Established linkages with JPL**

MBL is strategically important to JPL as it diversifies its presence into the radio broadcasting segment. It complements JPL's print business and enables it to offer a strong and differentiated product to advertisers. It further enhances the parent's geographical reach by adding cities where JPL has limited presence in print. Furthermore, MBL's radio stations acquired during the phase III auctions are in areas of JPL's footprint, thereby providing synergies to the former.

JPL facilitated the issuance of NCDs by providing a corporate guarantee, which was later replaced by a letter of comfort. JPL also provided liquidity support through a debt service reserve account for six months of debt obligation. The extensive experience of JPL's management in the media and entertainment business will continue to strengthen the business risk profile.

Weakness
*** Susceptibility to intense competition and economic activity:** With the allotment of new frequencies in the first and second batches of the Phase III auctions, competition has intensified in the metro markets in India's radio broadcasting industry. Metros contribute more than 60% to the industry's revenue and, therefore, have high importance. With new frequencies being added to current metro cities, players have to calibrate advertisement rates to maintain inventory utilisation.

Limited ability of players to differentiate offerings further intensifies price-led competition for the available advertising revenue. Furthermore, of radio operators remains vulnerable to economic downturns, as advertisement revenue is linked to economic conditions. Therefore, in fiscal 2021, MBL's revenue is expected to decline by 22-25% due to the Covid-19 outbreak; however, it is expected to gradually revive over the next fiscal.

Liquidity Strong
Current liquidity is strong, with cash and liquid investments of over Rs 215 crore as on March 31, 2020. MBL is debt-free and, therefore, has no debt obligation. Capital expenditure (capex) is expected to remain moderate. Furthermore, MBL has high financial flexibility and can rely upon its parent, JPL, for support in case of exigencies.

Outlook: Stable
CRISIL believes MBL will continue to benefit from Radio City's strong market position and support from the JPL group.

Rating Sensitivity Factors
Upward Factors
*Upward revision in JPL's credit rating by 1 or more notches
*Sustained improvement in return on capital employed above 25%

Downward Factrs
*Change in JPL's stated stance of support
*Downward revision in JPL's credit rating by 1 or more notches
*Large, debt-funded capex or acquisition weakening the capital structure.

About the Company
MBL is the first private FM radio broadcaster in India; it operates FM radio channels under the Radio City brand. In fiscal 2016, the company acquired 11 new stations in batch I of FM phase III auctions. Also, eight radio stations under the Radio Mantra brand, operated by JPL's promoters under Shri Puran Multimedia Ltd, were merged with the company and rebranded as Radio City in fiscal 2016. The company now has presence in 39 cities across India. It also operates 18 web-based stations.

Key Financial Indicators - MBL

Particulars	Unit	2019	2018
Operating revenue	Rs.Crore	325	299
Profit after tax (PAT)	Rs.Crore	62	52
PAT margin	%	19.0	17.3
Adjusted debt/adjusted networth	Times	0.12	0.08
Interest coverage	Times	21.42	7.44

The table above reflects CRISIL adjusted numbers

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Rating Assigned with Outlook
NA	Bank Guarantee	NA	NA	NA	26.29	CRISIL A1+
NA	Proposed Bank Guarantee	NA	NA	NA	18.71	CRISIL A1+
NA	Cash Credit	NA	NA	NA	90	CRISIL AA/Stable

Annexure - Details of Rating Withdrawn

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)
INE919I07039	Debentures	4-Mar-2015	9.70 %	4-Mar-2020	50

Annexure - Rating History for last 3 Years

	Current	2020 (History)	2019	2018	2017	Start of 2017

Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	0.00 23-04-20	Withdrawn			30-07-19	CRISIL AA/Stable	29-06-18	CRISIL AA/Stable	28-07-17	CRISIL AA/Stable	CRISIL AA/Stable
						06-06-19	CRISIL AA/Stable			14-07-17	CRISIL AA/Stable	
Fund-based Bank Facilities	LT/ST	90.00	CRISIL AA/Stable			30-07-19	CRISIL AA/Stable		--		--	--
Non Fund-based Bank Facilities	LT/ST	45.00	CRISIL A1+			30-07-19	CRISIL A1+	29-06-18	CRISIL A1+	28-07-17	CRISIL A1+	--
						06-06-19	CRISIL A1+					

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Crore)**	**Rating**	**Facility**	**Amount (Rs.Crore)**	**Rating**
Bank Guarantee	**26.29**	**CRISIL A1+**	**Bank Guarantee**	**26.29**	**CRISIL A1+**
Cash Credit	**90**	**CRISIL AA/Stable**	**Cash Credit**	**90**	**CRISIL AA/Stable**
Proposed Bank Guarantee	**18.71**	**CRISIL A1+**	**Proposed Bank Guarantee**	**18.71**	**CRISIL A1+**
Total	**135**	**--**	**Total**	**135**	**--**

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufaturing and service sector companies
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

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About CRISIL Limited

CRISIL is a leading agile and innovative, global analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 1,00,000 customers.

We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 1,10,000 MSMEs have been rated by us.
