

entertainment network (India) limited

21 January 2025

BSE Limited, Rotunda Building, P. J. Towers, Dalal Street, Fort, Mumbai- 400001	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
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BSE Scrip Code: 532700/ Symbol: ENIL

Dear Sir/ Madam,

We are pleased to inform you that CRISIL has reaffirmed their credit ratings in respect of the Company's bank facilities and debt instruments. The credit ratings assigned and the amount for which ratings have been assigned are tabulated below:

Total Bank Loan Facilities Rated	Rs. 150 Crore
Long Term Rating	Crisil AA+/Stable (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

Rs. 50 Crore Non-Convertible Debentures	Crisil AA+/Stable (Reaffirmed)
Rs. 200 Crore Commercial Paper	Crisil A1+ (Reaffirmed)

The rating rationale issued by CRISIL is attached herewith and can also be accessed at the link:

https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/EntertainmentNetworkIndiaLimited_January%2021_%202025_RR_359237.html

This intimation is pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

For Entertainment Network (India) Limited

Mehul Shah
EVP - Compliance & Company Secretary
(FCS no- F5839)

Encl: a/a



Rating Rationale

January 21, 2025 | Mumbai

Entertainment Network (India) Limited

Ratings Reaffirmed

Rating Action

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Rs.200 Crore Commercial Paper	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AA+/Stable/Crisil A1+' ratings on the bank facilities and debt instruments of Entertainment Network (India) Ltd (ENIL; part of the Times group).

The ratings continue to reflect the market leadership of ENIL in the FM radio broadcasting industry, its comfortable financial risk profile backed by robust liquidity and nil debt, and strong parentage of Bennett Coleman and Company Ltd (BCCL; 'Crisil AAA/Stable'). These strengths are partially offset by significant dependence on advertisement (ad) revenue, which is susceptible to economic downturns, and exposure to intense competition and inherent risks in the radio industry.

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of ENIL and its subsidiaries, Alternate Brand Solutions (India) Ltd, Entertainment Network, Inc (EN, INC), Global Entertainment Network Ltd WLL and Mirchi Bahrain WLL, which have business and financial linkages with ENIL. The operations of ENIL in the USA are housed under EN, INC.

Crisil Ratings has also applied its parent notch-up criteria to factor in the extent of support expected from BCCL.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Healthy business risk profile backed by market leadership:** ENIL is the market leader, in terms of revenue and active channels, in the Indian FM radio broadcasting industry. The business risk profile is also supported by strong presence in all major cities across states (63 cities) and a wide bouquet of channels. The flagship channel, *Radio Mirchi*, has significant brand equity, which is reflected in the highest revenue share in the industry.

Increased focus on solutions and digital products has helped to gain a larger market share and diversify the business. Presence in the solutions business helps ENIL cater to non-radio consuming advertisers and, with the acquisition of *Gaana*, helps it in gaining foothold in the OTT segment. ENIL is the pioneer among its peers to have moved into the

digital audio OTT space with Gaana.com. The business risk profile is likely to remain healthy over the medium term, driven by a diverse customer base, established market position, and an expected recovery in operating margin.

- **Strong financial risk profile:** The financial risk profile is supported by a healthy network, nil debt and strong liquidity. Debt protection metrics continue to be robust in the absence of any external borrowing, and cash and equivalent were healthy at Rs 391 crore as on September 30, 2024. The financial risk profile is expected to continue to be strong over the medium term in the absence of any significant capital expenditure (capex) and moderate accrual.
- **Strategic importance to the parent:** The company is strategically important to BCCL given the presence of the latter across all media platforms. ENIL derives high operational synergies through the dominant market position of the parent. BCCL will continue to provide timely and need-based support to the subsidiary.

Weaknesses:

- **Investments in digital leading to subdued operating profitability:** Despite the recovery in revenue and cost rationalisation in other businesses, free commercial time (FCT) and non-FCT revenue continue to be the primary driver of the bottom line. The company's operating profitability has been impacted due to investments in the digital segment, especially in *Gaana.com*. ENIL reported modest operating profitability of 18.5% in fiscal 2024. Improvement in scale of the digital segment and expansion into profitable events should continue to have bearing on the overall profitability in the near term.
- **Susceptibility to economic activity and intense competition:** The operating performance of radio operators remains vulnerable to economic downturns as ad revenue is linked to the overall macroeconomic scenario. Recessionary cycles and uncertain market conditions lead to a slowdown in spending, thereby constraining the ad revenue for the radio industry. Moreover, limited scope to differentiate offerings results in price-led competition among radio players for the available advertising revenue.
- **Exposure to risks inherent in the radio business:** The radio business requires significant capex to acquire FM stations. Furthermore, radio operators need to undertake significant content and production costs to maintain their market share. Therefore, any impact on the operating performance, constraining the cash flow, may have a direct bearing on the market position because of the reduced capex intensity.

Furthermore, radio operators face risks arising from technological advancements and changing consumer consumption patterns. For instance, the growing popularity of OTT music platforms, supported by low data costs, pose a threat in the long run. With limited product differentiation, the radio industry is exposed to intense competition among a few radio operators, OTT music platforms and other music streaming applications.

Liquidity: Strong

Cash and equivalent stood at Rs 391 crore as on December 31, 2024. The company remains debt-free. Moderate capex and incremental marketing spends to promote *Gaana* should be funded through accrual and existing cash and equivalent.

Outlook: Stable

The company will continue to benefit from its market leadership and healthy operating efficiency. The financial risk profile should remain comfortable, backed by a prudent capital structure and improving cash accrual.

Rating sensitivity factors

Upward factors

- Sturdy growth in turnover and profitability along with diversification in revenue from other segments
- Sustained improvement in return on capital employed to over 15% and material growth in revenue from current levels

Downward factors

- Sustained decline in operating revenues leading to operating margins below 14% and/ or weakening of financial profile
- Any downward revision in the credit rating of BCCL by one notch or more

About the Company

About ENIL

ENIL, incorporated in June 1999, has acquired FM radio licences across 63 cities. It is a 71% subsidiary of BCCL and listed on the National Stock Exchange and the Bombay Stock Exchange. The company has 73 frequencies located in 63 cities in

India. After 19 years, the Radio Mirchi brand has been changed to just Mirchi.

The company is also present in the USA, Qatar, Bahrain and the UAE.

ENIL launched Mirchi Digital App in the international markets and the only indigenous company in the audio OTT space.

About BCCL

BCCL, incorporated in 1913, is the flagship company of the largest media conglomerate in India, the Times group, which is a family-owned business operated by the sons of the late Ms Indu Jain, Mr Samir Jain and Mr Vineet Jain, and their families. BCCL, along with its group companies, has diversified into various media and entertainment businesses (print, television, radio, music, OOH advertising, and the Internet). Newspaper publishing is the largest business segment of BCCL.

Key Financial Indicators

Particulars	Unit	2024*	2023*
Operating income	Rs crore	487	440
Profit after tax (PAT)	Rs crore	32	(11)
PAT margin	%	6.5	(2.4)
Adjusted debt [^] /adjusted networkth	Times	NA	NA
Interest coverage*	Times	NM	NM

[^]company does not have any debt; NM- Not meaningful

*excluding impact of restatement of financials with Ind-AS 103 impact due to amalgamation with Gamma Ganna Ltd

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. 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)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	200.00	Simple	Crisil A1+
NA	Non Convertible Debentures [#]	NA	NA	NA	50.00	Simple	Crisil AA+/Stable
NA	Bank Guarantee	NA	NA	NA	100.00	NA	Crisil AA+/Stable
NA	Cash Credit/Overdraft facility	NA	NA	NA	10.00	NA	Crisil AA+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	20.00	NA	Crisil AA+/Stable
NA	Short Term Bank Facility	NA	NA	NA	20.00	NA	Crisil A1+

[#]Yet to be issued

Annexure – List of entities consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
Alternate Brand Solutions (India) Ltd	Full	Business and financial linkages
Entertainment Network, Inc	Full	Business and financial linkages
Global Entertainment Network Ltd	Full	Business and financial linkages
Mirchi Bahrain WLL	Full	Business and financial linkages

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	50.0	Crisil AA+/Stable / Crisil A1+		--	28-02-24	Crisil AA+/Stable / Crisil A1+	28-02-23	Crisil AA+/Stable / Crisil A1+	28-02-22	Crisil AA+/Stable / Crisil A1+	Crisil AA+/Stable / Crisil A1+
Non-Fund Based Facilities	LT	100.0	Crisil AA+/Stable		--	28-02-24	Crisil AA+/Stable	28-02-23	Crisil AA+/Stable	28-02-22	Crisil AA+/Stable	Crisil AA+/Stable
Commercial Paper	ST	200.0	Crisil A1+		--	28-02-24	Crisil A1+	28-02-23	Crisil A1+	28-02-22	Crisil A1+	Crisil A1+
Non Convertible Debentures	LT	50.0	Crisil AA+/Stable		--	28-02-24	Crisil AA+/Stable	28-02-23	Crisil AA+/Stable	28-02-22	Crisil AA+/Stable	Crisil AA+/Stable

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	50	Kotak Mahindra Bank Limited	Crisil AA+/Stable
Bank Guarantee	20	Kotak Mahindra Bank Limited	Crisil AA+/Stable
Bank Guarantee	30	The Hongkong and Shanghai Banking Corporation Limited	Crisil AA+/Stable
Cash Credit/ Overdraft facility	10	HDFC Bank Limited	Crisil AA+/Stable
Proposed Long Term Bank Loan Facility	20	Not Applicable	Crisil AA+/Stable
Short Term Bank Facility	20	Kotak Mahindra Bank Limited	Crisil A1+

Criteria Details

Links to related criteria

[Rating criteria for manufacturing and service sector companies](#)[CRISILs Approach to Financial Ratios](#)[CRISILs Bank Loan Ratings - process, scale and default recognition](#)[CRISILs Criteria for rating short term debt](#)

[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support](#)

[CRISILs Criteria for Consolidation](#)

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