

entertainment network (India) limited

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Lower Parel (West), Mumbai – 400 013, India. Tel: 022 6753 6983.

March 31, 2021

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 debt instruments and bank facilities. The credit ratings assigned and the amount for which ratings have been assigned are tabulated below:

Total Bank Loan Facilities Rated	Rs. 50 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. 300 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

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

https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/EntertainmentNetworkIndiaLimited_March%2031,%202021_RR_258310.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

SVP - Compliance

& Company Secretary

(FCS no- F5839)

Encl: a/a

Pursuant to SEBI notifications, CRISIL Limited (CRISIL) has transferred its Ratings business to its wholly owned subsidiary, CRISIL Ratings Limited (CRISIL Ratings), with effect from December 31st 2020. Any reference to CRISIL in the documents published by the Ratings division of CRISIL, such as Rating Rationales, Credit Rating Reports, Press Releases, Criteria, Methodology, FAQs, Policies and Disclosures, shall henceforth refer to CRISIL Ratings.

Rating Rationale

March 31, 2021 | Mumbai

Entertainment Network (India) Limited

Ratings Reaffirmed at 'CRISIL AA+/Stable/CRISIL A1+'

Rating Action

Total Bank Loan Facilities Rated	Rs.50 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.300 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

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 Rs 350 crore debt programmes of Entertainment Network (India) Limited (ENIL).

The ratings continue to reflect the market leadership of the company in the FM radio broadcasting industry, comfortable financial risk profile backed by strong liquidity, and support of parent, Bennett Coleman and Company Ltd (BCCL; 'CRISIL AAA/Stable'). These strengths are partially offset by significant dependence on advertisement (ad) revenue and exposure to intense competition.

Analytical Approach

For arriving at its ratings, CRISIL Ratings has combined the business and financial risk profiles of ENIL and its two subsidiaries, Alternate Brand Solutions (India) Ltd and Entertainment Network, Inc (EN, INC), which have business and financial linkages with ENIL. Furthermore, ENIL's operations 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 - Details of Consolidation, 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, in the Indian FM radio broadcasting industry. Business risk profile is also supported by a wide bouquet of channels and strong presence in most states. The flagship channel, *Radio Mirchi*, has strong brand equity, which is reflected in the premium charged on ad rates over other FM radio players.

The company's performance weakened in the nine months ended December 31, 2020, in line with the overall industry, due to low ad spends amid a weak macroeconomic environment. However, revenue has witnessed sequential improvement every quarter after the lows of the first quarter of fiscal 2021.

In the nine months through December 2020, the company has been able to curtail costs, largely employee expense and other fixed overheads. As a result, operating margin remained resilient at 24% in the quarter ended December 2020 despite 43% lower revenue, compared with margin of 28% in the same period previous fiscal. Profitability is expected to sustain over the medium term.

The solutions business is a strategic part of ENIL's overall operations. This segment has witnessed significant growth over the last several years in terms of revenue and profitability. Increased focus on solutions and digital products has helped to gain a larger market share and diversify business risk profile. Strong presence in the solutions business helps ENIL cater to non-radio consuming advertisers, thereby transforming itself into a solutions company.

Moreover, the business risk profile is likely to remain healthy over the medium term, driven by a diverse customer base, an established market position and improving operating margin.

- **Strong financial risk profile**

Financial risk profile is supported by a large network, comfortable capital structure, and strong liquidity. The company became debt-free in fiscal 2019 and remains so in fiscal 2021. Debt protections metrics continue to be robust in the absence of any external borrowing, and healthy cash and equivalents of Rs 197 crore as on December 31, 2020. ENIL has sufficient gearing headroom to contract moderate debt, if required.

- **Strategic importance to strong parent**

The company is strategically important to BCCL, giving the parent presence across all media platforms and offering a bouquet of media advertising options. ENIL itself derives significant operational synergies through BCCL's dominant market position. BCCL will continue to provide timely and need-based support to the subsidiary.

Weaknesses

- **Significant dependence on ad revenue and exposure to competition in the radio industry**

Around 65%-70% of income comes from radio ads. The impact of Covid-19 and weak economic environment thereafter resulted in a sharp dip in advertisement volume which is witnessing a gradual recovery on a sequential basis Q3 FY21 onwards. Moreover, higher dependence on medium and small enterprises translated into lower ad volumes for radio.

Also, ENIL has to compete with *Radio City*, *Fever*, and *Red FM*, leading to considerable pricing pressure. However, with a strong market position and parentage of BCCL, the company does have high flexibility to price its offerings and maintain healthy operating profitability. Furthermore, the solutions business provides diversification benefits and partially reduces dependence on radio revenue.

Liquidity: Strong

Cash and equivalents stood at Rs 197 crore as on December 31, 2020. The company remains debt-free. Moderate capital expenditure (capex) should be funded through accrual and cash and equivalents.

Outlook: Stable

The company will continue to benefit over the medium term from its market leadership, solutions business, and healthy operating efficiency. Financial risk profile should remain comfortable, backed by a prudent capital structure and improving cash accrual.

Rating Sensitivity Factors

Upward Factors

- Strengthening of market position through significant increase in ad revenue
- Better-than-expected recovery in revenue and profitability and increased client coverage following strong growth in the solutions business
- Sustained improvement in return on capital employed to over 20%

Downward Factors

- Larger-than-expected debt-funded capex or acquisition cost weakening gearing to more than 1.5 times
- Any downward revision in the rating outlook on BCCL

About the Company

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 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'.

After successful entry in the US market, the Company has further diversified into international markets by entering Qatar through an agreement of providing services in relation to operating and managing the operations of Marhaba FM through a joint venture, Global Entertainment Network Limited, Qatar.

The Company has also re-entered UAE on the 28th of March 2021 through a brand licensing agreement with 'Dolphin Recording Studio LLC'.

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 Ms Indu Jain, her sons, 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 its largest business segment.

Key Financial Indicators

Particulars	Unit	2020	2019
Operating Income	Rs crore	533	616
Profit after tax (PAT)	Rs crore	15	54
PAT margin	%	2.7	8.8
Adjusted debt/adjusted networth	Times	0.0	0.0
Interest coverage*	Times	6.6	35.9

Note: These are CRISIL Ratings-adjusted figures

*The Company has adopted Ind AS 116 effective fiscal 2020, hence the numbers are not comparable to the previous years

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Level	Rating Assigned with Outlook
NA	Debentures*	NA	NA	NA	50	NA	CRISIL AA+/Stable
NA	Commercial paper	NA	NA	7-365 days	300	Simple	CRISIL A1+
NA	Cash credit/Overdraft facility	NA	NA	NA	10	NA	CRISIL AA+/Stable
NA	Short Term Bank Facility	NA	NA	NA	20	NA	CRISIL A1+
NA	Bank Guarantee	NA	NA	NA	20	NA	CRISIL AA+/Stable

*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 Limited	Equity method	Proportionate consolidation

Annexure - Rating History for last 3 Years

Instrument	Current			2021 (History)		2020		2019		2018		Start of 2018
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	30.0	CRISIL AA+/Stable		--	31-03-20	CRISIL AA+/Stable	27-03-19	CRISIL AA+/Stable	05-03-18	CRISIL AA+/Stable	CRISIL AA+/Stable

			/ CRISIL A1+			/ CRISIL A1+		/ CRISIL A1+		/ CRISIL A1+	/ CRISIL A1+	
			--		--	--		--		--	CRISIL AA+/Stable	
Non-Fund Based Facilities	LT	20.0	CRISIL AA+/Stable		--	31-03-20	CRISIL AA+/Stable	27-03-19	CRISIL AA+/Stable	05-03-18	CRISIL AA+/Stable	--
Commercial Paper	ST	300.0	CRISIL A1+		--	31-03-20	CRISIL A1+	27-03-19	CRISIL A1+	05-03-18	CRISIL A1+	CRISIL A1+
Non Convertible Debentures	LT	50.0	CRISIL AA+/Stable		--	31-03-20	CRISIL AA+/Stable	27-03-19	CRISIL AA+/Stable	05-03-18	CRISIL AA+/Stable	CRISIL AA+/Stable

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	20	CRISIL AA+/Stable	Bank Guarantee	20	CRISIL AA+/Stable
Short Term Bank Facility	20	CRISIL A1+	Short Term Bank Facility	20	CRISIL A1+
Cash Credit/ Overdraft facility	10	CRISIL AA+/Stable	Cash Credit/ Overdraft facility	10	CRISIL AA+/Stable
Total	50	-	Total	50	-

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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