

entertainment network (India) limited

Corporate Office: 14th Floor, Trade World, D-Wing, Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400 013, India. Tel: 022 6753 6983.

March 2, 2022

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 on March 2, 2022, 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. 100 Crore (Enhanced from 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/en/home/our-businesses/ratings/company-factsheet.ENTNETIN.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

February 28, 2022 | Mumbai

Entertainment Network (India) Limited

Rated amount enhanced

Rating Action

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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 sequential improvement in revenue in the second and third quarters of fiscal 2022 as radio advertisement (ad) volumes grew. The Ebitda (earnings before interest, taxes, depreciation and amortisation) improved to Rs 35.6 crore in the third quarter (against loss of Rs 18.7 crore incurred in the second quarter) on account of tight cost-control measures and improvement in ad volumes. However, the company is launching Mirchi Digital Platform in the international and domestic markets, which will weaken Ebitda margin in fiscal 2023.

The ratings also continue to reflect the market leadership of ENIL in the FM radio broadcasting industry, comfortable financial risk profile backed by strong liquidity, and support of the parent, Bennett Coleman and Company Ltd (BCCL; 'CRISIL AAA/Stable'). These strengths are partially offset by significant dependence on 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 subsidiaries, Alternate Brand Solutions (India) Ltd, Entertainment Network, Inc (EN, INC), Global Entertainment Network Limited 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, 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.

Performance has significantly improved every quarter after the lows of the first quarter of fiscal 2022 due to the second wave of the pandemic. Revenue grew 17% on the back of 23% growth in the core FM radio revenue for the quarter ended December 31, 2021. Furthermore, cost-control measures led to a 70% year-on-year growth in Ebitda.

The solutions business is a strategic part of the overall operations of ENIL and has witnessed significant growth (both in revenue and profitability) in the last several fiscals. 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. Business risk profile is likely to remain healthy over the medium term, driven by a diverse customer base, 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 2021 and remains so in fiscal 2022. Debt protection metrics continue to be robust in the absence of any external borrowing, and cash and equivalents were healthy at Rs 202 crore as on December 31, 2021. 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 of a bouquet of media advertising options. ENIL derives significant operational synergies through the dominant market position of the parent. 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 the income comes from radio ads. The impact of Covid-19 and weak economic environment thereafter resulted in a sharp dip in ad volume. However, in the third quarter of 2022, radio ad volumes grew by 20% and revenue by 23%. With the receding impact of the pandemic, ad revenue is likely to grow further in fiscal 2023.

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 and digital businesses provide diversification benefits and partially reduce dependence on radio revenue.

Liquidity: Strong

Cash and equivalents stood at Rs 202 crore as on December 31, 2021. The company remains debt-free. Moderate capital expenditure (capex) should be funded through accrual and cash and equivalents. Furthermore, the company is also launching a new digital platform that will be funded through internal accrual. Dividend will remain low, in line with previous fiscals.

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 credit rating of BCCL

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.

After a successful entry in the US market, the company has further diversified operations to Qatar through an agreement wherein it will operate and manage Marhaba FM through subsidiary, Global Entertainment Network Ltd, and also by commencing radio broadcasting and related business through wholly owned subsidiary, Mirchi Bahrain WLL, in Bahrain.

ENIL also re-entered the UAE on March 28, 2021, through a brand licensing agreement with Dolphin Recording Studio LLC.

ENIL launched Mirchi Digital App in the international markets and will soon launch it in India.

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 its largest business segment.

Key Financial Indicators for ENIL

Particulars	Unit	2021	2020
Operating Income	Rs.Crore	273	540
Profit After Tax (PAT)	Rs.Crore	-111	11
PAT Margin	%	-40.5	2.0
Adjusted debt/adjusted networkth	Times	0.00	0.00
Interest coverage*	Times	1.4	6.3

Note: These are CRISIL Ratings-adjusted figures

*Includes only interest on lease liabilities as per Ind AS-116

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	70	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	Full	Business and financial linkages
Mirchi Bahrain WLL	Full	Business and financial linkages

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2022 (History)		2021		2020		2019		Start of 2019
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	30.0	CRISIL AA+/Stable / CRISIL A1+		--	31-03-21	CRISIL AA+/Stable / CRISIL A1+	31-03-20	CRISIL AA+/Stable / CRISIL A1+	27-03-19	CRISIL AA+/Stable / CRISIL A1+	CRISIL AA+/Stable / CRISIL A1+
Non-Fund Based Facilities	LT	70.0	CRISIL AA+/Stable		--	31-03-21	CRISIL AA+/Stable	31-03-20	CRISIL AA+/Stable	27-03-19	CRISIL AA+/Stable	CRISIL AA+/Stable
Commercial Paper	ST	300.0	CRISIL A1+		--	31-03-21	CRISIL A1+	31-03-20	CRISIL A1+	27-03-19	CRISIL A1+	CRISIL A1+
Non Convertible Debentures	LT	50.0	CRISIL AA+/Stable		--	31-03-21	CRISIL AA+/Stable	31-03-20	CRISIL AA+/Stable	27-03-19	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
Cash Credit/ Overdraft facility	10	HDFC Bank Limited	CRISIL AA+/Stable
Short Term Bank Facility	20	Kotak Mahindra Bank Limited	CRISIL A1+

This Annexure has been updated on 28-Feb-2022 in line with the lender-wise facility details as on 28-Feb-2022 received from the rated entity

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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