entertainment network (India) limited

Corporate Office: Trade Gardens, Ground Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India. Tel: 022 6753 6983. Fax: 022 6753 6800

June 16, 2015

BSE Limited,
Corporate Relationship Dept.,
P.J. Towers, Dalal Street,
Mumbai - 400 001.

National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra- (East),
Mumbai – 400 051.

BSE Scrip Code: 532700/ Symbol: ENIL

Dear Sirs,

Pursuant to the Clause 36 of the Listing Agreement, we wish to state that CRISIL has assigned credit ratings to the debt instruments and bank facilities as under:

Rs.4 billion Non-Convertible Debentures	**CRISIL AA+/Stable**
Rs.4 billion Commercial Paper Programme	**CRISIL A1+**

Total Bank Loan Facilities Rated	**Rs.5500 Million**
Long Term Rating	**CRISIL AA+/Stable**
Short Term Rating	**CRISIL A1+**

The rating rationale issued by CRISIL is attached.

Thanking you,

Yours truly,
For **Entertainment Network (India) Limited**

Prashant Panday
Managing Director & CEO
DIN: 02747925

Encl: a/a

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Tel: 022 6662 0600. Fax: 022 6661 5030. E-mail: mehul.shah@timesgroup.com ***www.enil.co.in***
Corporate Identity Number: L92140MH1999PLC120516

June 16, 2015
Mumbai

Entertainment Network (India) Limited

'CRISIL AA+/Stable/CRISIL A1+' assigned to debt instruments and bank facilities

Total Bank Loan Facilities Rated	**Rs.5500 Million**
Long Term Rating	**CRISIL AA+/Stable (Assigned)**
Short Term Rating	**CRISIL A1+ (Assigned)**

(Refer to Annexure 1 for Facility-wise details)

Rs.4 Billion Non Convertible Debentures	**CRISIL AA+/Stable (Assigned)**
Rs.4 Billion Commercial Paper Programme	**CRISIL A1+ (Assigned)**

CRISIL has assigned its **'CRISIL AA+/Stable/CRISIL A1+'** rating to debt instruments and bank facilities of Entertainment Network (India) Ltd (ENIL). The rating reflects ENIL's leadership position in the FM radio broadcasting industry, strong operating efficiencies, and healthy financial risk profile. The rating also factors in the strong parentage, Bennett Coleman and Company Ltd (BCCL; rated 'CRISIL AAA/Stable'). These rating strengths are partially offset by the company's significant dependence on advertisement revenues, intense competition in the radio industry, and upcoming large investment requirements for Phase III auctions and migration fees.

ENIL is the market leader in terms of revenue as well as inventory sold in the Indian FM radio broadcasting industry. ENIL's brand *Radio Mirchi* has strong brand equity which is reflected in the premium the company charges on average advertisement rates over other FM radio players. ENIL's operating efficiencies are marked by above-average operating margin, high return on capital employed (RoCE), and diversified customer base. ENIL reported significant improvement in operating margin on account of improved ad-inventory utilisation. ENIL's operating margin improved to 33.1 per cent for the year ended March 31, 2015, from 31 per cent and 26 per cent during 2013-14 (refers to the financial year, April 1 to March 31) and 2012-13, respectively. ENIL has reported healthy RoCE of over 20 per cent in 2014-15. ENIL's top 10 customers account for little more than 10 per cent of its total revenue, reflecting a diversified customer base. CRISIL believes that ENIL will continue to maintain strong business risk profile driven by strong market position and strong operating efficiencies over the medium term.

ENIL's strong financial risk profile is marked by large net worth, prudent capital structure, and ample liquidity. The company reported net worth of Rs.6.75 billion and no debt as on March 31, 2015. As on March 31, 2015 ENIL had cash and bank balance of Rs.5.6 billion. CRISIL believes that ENIL will maintain its healthy credit risk profile over the medium term.

ENIL is strategically important to BCCL. BCCL directly and indirectly owns over 70 per cent stake in ENIL. Furthermore, ENIL plays an important role in BCCL's strategy to be present across all media platforms and provide a bouquet of media advertising options to advertisers. BCCL's dominant market position in the media and entertainment industry has a rub-off effect on ENIL's operations. CRISIL believes that BCCL will provide timely and need based support to ENIL.

ENIL depends significantly, over 70 per cent of revenue for 2014-15, on advertisement income from its airtime sales. Also, the radio industry depends on quality content for sustaining operations and generating advertisement revenue. Further, there are more than 240 radio stations in India presently and about 966 frequencies are expected to be available for auction in phase III; also, radio, as a media channel, accounts for only 5 per cent of total advertising spends, with the remaining going to television, print, OOH Media or Digital. However, market leaders such as ENIL, have the ability to drop advertising rates with minimal impact on profitability because of volumes in case of competition.

ENIL plans capital expenditure (capex) of Rs.8 billion to Rs.10.0 billion over the next three years towards migration fees for its existing licenses from Phase II to Phase III regime, acquisition of new licenses in the upcoming phase III auctions, and inorganic growth. The capex, which is more than ENIL's existing net worth, will be funded through its existing surplus liquidity and debt of up to Rs.4 billion. However, ENIL's debt protection metrics are supported by strong cash generation ability (over Rs.1 billion per annum) and negligible capex expected post migration and phase III expenditure. CRISIL believes ENIL's capital structure will remain strong over the medium term.

Outlook: Stable

CRISIL believes that ENIL will continue to benefit over the medium term from its market leadership position and strong operating efficiencies. ENIL is likely to maintain healthy financial risk profile driven by prudent capital structure and strong cash accruals over the medium term. The outlook may be revised to 'Positive' if ENIL significantly improves its scale of operations through strong and sustained growth in its revenue and improvement in profitability while diversifying its business profile. Conversely, the outlook may be revised to 'Negative' if ENIL undertakes higher-than-expected capex programme or acquisition, leading to weakening in its capital structure. A downward revision in rating outlook on BCCL may also lead to a similar revision in the rating outlook on ENIL.

About the Company

ENIL, incorporated in June 1999, operates FM Radio across 14 states with 32 stations under the primary brand *Radio Mirchi* (frequency 98.3). ENIL is a 64 per cent subsidiary of Times Infotainment Media Ltd (100 per cent held by BCCL) and 7 per cent held directly by BCCL. The company is listed on the National Stock Exchange and Bombay Stock Exchange.

For 2014-15, ENIL reported an operating income and a profit after tax (PAT) of Rs.4.38 billion and Rs.1.06 billion, respectively, against an operating income and a PAT of Rs.3.84 billion and Rs.0.84 billion, respectively, for the previous year.

About BCCL

BCCL, the flagship company of the largest media conglomerate in India, the Times group, is a family-owned business, with the majority equity stake held by the Jain family (Mrs. Indu Jain, her sons Mr. Samir Jain and Mr. Vineet Jain, and their families). BCCL, incorporated in 1913, 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.

BCCL reported PAT of Rs.8.21 billion on operating income of Rs.55.97 billion for 2013-14 against PAT of Rs.7.40 billion on operating income of Rs.49.57 billion for 2012-13.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Million)**	**Rating**	**Facility**	**Amount (Rs.Million)**	**Rating**
Proposed Long Term Bank Loan Facility	**4000**	**CRISIL AA+/Stable**	**--**	**0**	**--**
Proposed Short Term Bank Loan Facility	**1500**	**CRISIL A1+**	**--**	**0**	**--**
Total	**5500**	**--**	**Total**	**0**	**--**

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Last updated: August, 2014

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