

7th April, 2020

Reliance Broadcast Network Limited (RBNL)

The below mentioned schemes have exposure in secured, rated NCDs of Reliance Broadcast Network Limited (RBNL) which are guaranteed by Reliance Capital Ltd. RBNL runs and operates 58 FM Radio stations under the brand name “Big FM” and is part of the Reliance-ADA group. Rating Agency – CARE has downgraded the credit ratings on our NCDs to CARE C/CARE D on Sep 17, 2019 and subsequently, on Mar 12, 2020, the instrument rated CARE C has also been downgraded to CARE D. Based on AMFI’s recommended “Standard haircut for sub-investment grade debt securities”, the haircuts on individual exposures have been taken post the downgrades so far and are all currently valued at 75% haircut.

Latest developments/ key updates

- In June 2019, Jagran Prakashan Limited (rated CRISIL AA+/Stable), through its subsidiary, Music Broadcast Limited (rated CRISIL AA/Stable), had signed a definitive Share Purchase Agreement with RBNL to acquire 100% stake in RBNL at an enterprise value of Rs. 1050 crore.
- In terms of deal status, the pre-conditions for the acquisition have been completed by both the parties and only the approval from Ministry of Information and Broadcasting (MIB) is pending. Despite having applied in July 2019, the approval from MIB is yet to be received and given the current challenging environment for media industry, Jagran group had stated that they may have a relook at the deal if the approval does not come by end of FY 2020.
- In light of the fact that the approval is still pending with MIB and the relatively low visibility on the receipt of the same in current market conditions, in accordance with the fair valuation principles, we have decided to prudently take remaining 25% write down on our exposure in RBNL.

Impact on valuation (Apr 3, 2020)

Scheme Name	ISIN	Issuer Name	Rating	Face value of exposure	Market value as of 03 Apr 2020	NAV Impact post remaining 25% write-down in %
L&T Credit Risk Fund	INE445K07189	Reliance Broadcast Network Limited	CARE D	105.00	24.51	1.73%
	INE445K07155		CARE D			
	INE445K07163		CARE D			
L&T FMP -Series XIV-Scheme A 1233 days	INE445K07049	Reliance Broadcast Network Limited	CARE D	50.00	12.34	1.91%
L&T Low Duration Fund	INE445K07163	Reliance Broadcast Network Limited	CARE D	10.00	2.05	0.26%